



InterContinental Hotels Group

Annual Review and Summary Financial Statement 2012



Overview

- 1 About us
- 2 Where we compete
- 3 Our business model and key facts
- 4 Chairman's Statement
- 6 Chief Executive's Review
- 8 Implementing our strategy
- 10 Our business model and revenue delivery systems

How we win

- 12 Brands
- 14 InterContinental Hotels & Resorts
- 16 Holiday Inn brand family
- 20 Crowne Plaza Hotels & Resorts
- 22 Hotel Indigo
- 24 Staybridge Suites
- 26 Candlewood Suites
- 28 HUALUXE Hotels & Resorts
- 29 EVEN Hotels
- 30 People
- 32 Delivery
- 34 Responsible Business

Where we compete

- 38 The Americas
- 39 Europe
- 40 Asia, Middle East and Africa (AMEA)
- 41 Greater China

Facts and figures

- 42 Summary Financial Statement
- 46 The Board of Directors and Executive Committee
- 48 Summary Directors' Report
- 49 Corporate governance
- 50 Summary Directors' Remuneration Report
- 58 Investor information
- 59 Financial calendar and Contacts

This page
Hotel Indigo Xiamen Harbour, China
Front cover
Holiday Inn London-Stratford City, UK



About us

We are a global hotel business with nine preferred Brands. With over 4,600 hotels and nearly 676,000 rooms in nearly 100 countries and territories around the world, we know hospitality. Our Vision is to become one of the great companies in the world by creating Great Hotels Guests Love. We will deliver this through our portfolio of preferred Brands, our talented People and best-in-class Delivery systems. At the heart of our culture is a commitment to act responsibly in everything we do.

Brands

We have a high-quality portfolio of nine preferred Brands from luxury hotels in the world's major cities and resorts to family-orientated hotels that offer great service and value and the world's first and largest hotel loyalty programme.

See pages 12 to 29 for more information on our preferred portfolio of Brands



People



Our Brands represent a promise to our guests and it is our talented and passionate People that bring each brand to life and thereby deliver Great Hotels Guests Love.

See pages 30 and 31 for information on our talented People

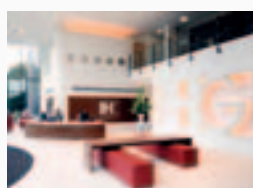
Delivery



Our best-in-class Delivery systems enable us to leverage our scale to build guest preference for our Brands and drive reservations and revenue to our hotels.

See pages 32 and 33 for information on our best-in-class Delivery systems

Responsible Business



IHG is committed to conducting business in a responsible way and this underpins each of our strategic priorities. Championing and protecting the trusted reputation of IHG and our Brands is not just the right thing to do, but it makes great business sense too.

See pages 34 to 36 for information on our Responsible Business practices and corporate responsibility matters, and pages 48 to 57 for information about our Board of Directors and Executive Committee and our governance processes

Where we compete

We have over 4,600 hotels and nearly 676,000 rooms internationally. When people travel, they look for hotel brands they trust. Operating our preferred Brands to global standards increases guest demand for the hotels we franchise, manage and own in nearly 100 countries and territories around the world.

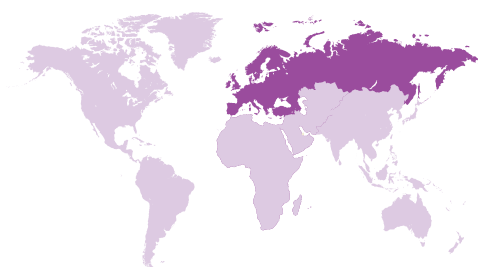
The Americas



	Hotels	Rooms
InterContinental	53	17,756
Crowne Plaza	183	48,730
Holiday Inn*	820	146,661
Holiday Inn Express	1,931	168,398
Hotel Indigo	37	4,307
Staybridge Suites	183	19,787
Candlewood Suites	299	28,675
Other	49	15,303
Total for The Americas	3,555	449,617
Total development pipeline	670	72,573

* Includes 10 Holiday Inn Club Vacations (3,701 rooms) and 17 Holiday Inn Resort properties (4,240 rooms).
Find out more on page 38.

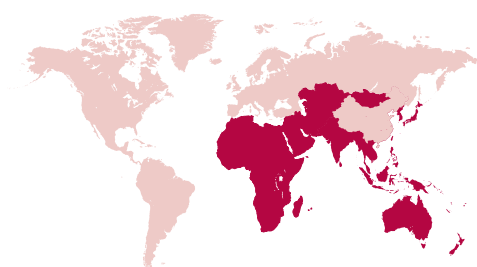
Europe



	Hotels	Rooms
InterContinental	30	9,394
Crowne Plaza	84	19,566
Holiday Inn*	288	46,610
Holiday Inn Express	212	24,903
Hotel Indigo	10	949
Staybridge Suites	4	605
Total for Europe	628	102,027
Total development pipeline	91	15,184

* Includes 3 Holiday Inn Resort properties (362 rooms).
Find out more on page 39.

Asia, Middle East and Africa (AMEA)



	Hotels	Rooms
InterContinental	65	20,791
Crowne Plaza	65	18,559
Holiday Inn*	75	17,440
Holiday Inn Express	12	2,877
Staybridge Suites	2	304
Other	13	2,766
Total for AMEA	232	62,737
Total development pipeline	132	30,357

* Includes 14 Holiday Inn Resort properties (3,311 rooms).
Find out more on page 40.

Greater China



	Hotels	Rooms
InterContinental	22	9,373
Crowne Plaza	60	21,452
Holiday Inn*	64	20,777
Holiday Inn Express	37	9,453
Hotel Indigo	3	405
Other	1	141
Total for Greater China	187	61,601
Total development pipeline	160	50,916

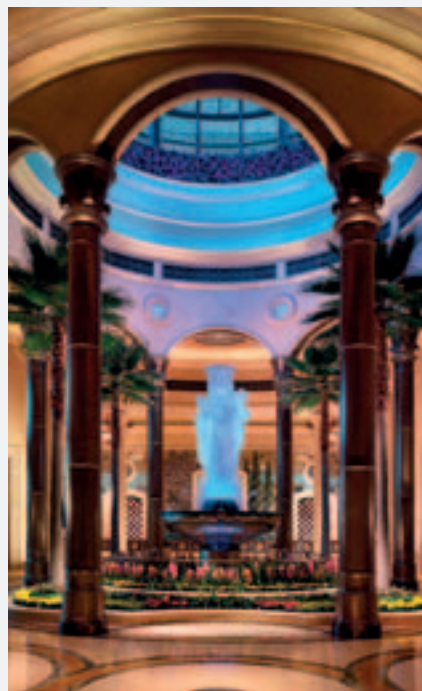
* Includes 3 Holiday Inn Resort properties (893 rooms).
Find out more on page 41.



Crowne Plaza Toulouse, France



InterContinental Danang Sun Peninsula, Vietnam



InterContinental The Palazzo, Las Vegas, US

Our business model

We run hotels in three ways: franchised, managed and owned. Our asset-light business model means we own just 10 hotels* (less than one per cent of our portfolio). Most of our hotels operate under a franchise agreement or are managed by IHG on behalf of owners. All of our hotels are supported by our revenue delivery systems and marketing programmes, which drive business to our hotels.

See pages 8 to 10 for more information on our business model

Key facts*

4,602
hotels

675,982
rooms

3,934
hotels franchised

658
hotels managed

10
hotels owned and leased

Operating profit before exceptional items

\$614m[†]
Group

\$486m[†]
The Americas

\$115m
Europe

\$88m
AMEA

\$81m
Greater China

* As at 31 December 2012.

[†] Includes one significant liquidated damages receipt in 2012 of \$3m in The Americas.

Chairman's Statement

I feel privileged to be the Chairman of IHG, a company with an impressive history and successful track record of driving superior returns for shareholders. My fellow Board members and I look forward to guiding IHG to even greater achievements as we focus on brand building and the strategic global expansion of the business in the near term and future.



In my first few months after taking over from David Webster, I am delighted to share my perspective and impressions of our Company. Since I joined in January, I have spent much of my time getting to know the business better – meeting with employees, shareholders, owners and guests and visiting our operations around the world.

Several things have struck me as a newcomer to IHG. This is a business with a clear strategy and a consistent track record of implementation throughout its 10-year history. There is a focus across the whole organisation on creating Brands that are preferred by both our guests and owners, and at the heart of this is the People. I have been particularly impressed by the skills, commitment and energy of all those I've met, who either work in IHG's corporate offices or in one of IHG's hotels, and on behalf of the Board, I would like to thank all our People for their focus, dedication and commitment. Lastly, the integral role that Responsible Business practices play in IHG's strategy is underpinned by a strong set of values and unique culture seen across the business.

Performance

IHG's strong performance in 2012 demonstrates the effectiveness of our strategy, despite the challenging economic environment. We converted 4 per cent revenue growth into operating profit growth of 10 per cent (before exceptional items) and adjusted earnings per share growth of 9 per cent.

We continue our long track record of dividend growth for shareholders, with the Board recommending a 10 per cent increase to the final dividend for 2012, taking it to 43.0 cents (27.7 pence). This will give a full-year dividend of 64.0 cents per share up 16 per cent on 2011. This converts to a sterling full-year dividend of 41.2 pence per share, up 19 per cent on 2011. Subject to shareholder approval, the final dividend will be paid on 31 May 2013.

Financial position and shareholder returns

We remain committed to an efficient balance sheet while maintaining an investment grade credit rating through the cycle. During the year we announced a \$1 billion return of funds to shareholders, split between a \$0.5 billion special dividend with share consolidation and a \$0.5 billion share buyback programme. The special dividend was paid on 22 October 2012 and \$107 million of shares had been bought back by year end. Once the share buyback programme is complete, total funds returned to shareholders since the 2003 demerger, excluding ordinary dividends, will amount to \$7.6 billion.

Year-end net debt of \$1,074 million was up \$536 million on 2011, reflecting this return of funds to shareholders. Nevertheless, the business continues to be strongly cash generative, with free cash flow of \$463 million, up 10 per cent on 2011. In November 2012 we issued a £400 million 10-year bond, diversifying our sources of funding and extending our average debt maturity.

Board

David Webster retired at the end of 2012, having served on IHG's Board since the original listing of the Company in April 2003 and as Chairman since January 2004. During this period IHG has executed the move to an asset-light business model, grown net room count by over 25 per cent, whilst successfully completing the relaunch of the Holiday Inn brand. We thank him for his invaluable contribution and wish him a happy and fulfilling retirement.

Graham Allan left the Board on 15 June 2012, following his appointment as Chief Operating Officer of Dairy Farm International Holdings Limited based in Hong Kong. I would like to thank Graham for his contributions as an independent Non-Executive Director and as a member of the Audit, Nomination and Corporate Responsibility Committees. We are in the process of recruiting a new Non-Executive Director to replace Graham.

Dale Morrison, who has been a Non-Executive Director since June 2011, was appointed to the Corporate Responsibility Committee in November 2012. This adds to his existing roles on the Audit and Nomination Committees.

+5%

Total gross revenue

from hotels in IHG's System to \$21.2bn*
Revenue up 4%[†] to \$1,835m[†]

\$614m[†]

Operating profit before exceptional items

Group \$614m[†] (2011 \$559m[•])
The Americas \$486m[†] (2011 \$451m[•])
Europe \$115m (2011 \$104m)
Asia, Middle East and Africa \$88m (2011 \$84m[•])
Greater China \$81m (2011 \$67m)

+6.8%

Fee revenue*

Driven by 5.2% RevPAR growth and
2.7% net System size growth

+5.2%

Revenue per available room*

Total number of rooms operating under
IHG brands 675,982 (4,602 hotels)

+16%: 64.0¢

Total full-year dividend

Sterling equivalent of 41.2p

8.4m

New Priority Club Rewards members added

Total Priority Club Rewards members 71.4m
69% of rooms revenue delivered through
IHG's channels or by Priority Club Rewards
members direct to hotel

*Total room revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels (not all attributable to IHG).

[†]Includes one significant liquidated damages receipt in 2012 of \$3m in The Americas.

[•]Includes two significant liquidated damages receipts in 2011; \$10m in The Americas and \$6m in Asia, Middle East and Africa.

*Group revenue excluding owned and leased hotels, managed leases and significant liquidated damages. Growth stated at constant currency.

[•]Total System rooms revenue divided by the number of room nights available.

Governance

IHG is committed to high standards of corporate governance; we believe good governance is a fundamental part of being a Responsible Business and underpins everything we do. This year, we again commissioned a formal evaluation of the performance of the Board from an independent consultant. The 2012 feedback confirmed that the Board and each of its Committees continue to operate effectively and that each Director continues to make an effective contribution and retains a strong commitment to the role.

Further information on our governance practices can be found on pages 46 to 49.

Outlook

There is no doubt that the global economy will continue to see challenges in the year ahead. IHG's proven strategy, resilient business model, portfolio of preferred Brands, talented People and strong balance sheet give us the confidence that the business will continue to perform well into the future and deliver long-term value to all stakeholders.



Patrick Cescau
Chairman



Crowne Plaza London-The City, UK

Chief Executive's Review

2012 was another year of high-quality growth for IHG, with the launch of two new brands and a strong pace of hotel openings and signings. Driven by a material increase in worldwide demand for hotel rooms, we generated an impressive 6.8 per cent growth in fee revenue, one of our key metrics of success. This translated into double digit profit growth, driven by our preferred Brands and brought to life in our hotels by talented and passionate People.



How we win

Our well established, asset-light strategy has enabled us to deliver good revenue and profit growth again this year, despite the continued challenges in the wider global economy. At the core of this strategy lies the third party owners of IHG branded hotels. At IHG we have a unique competitive advantage, which is the strong and deep relationship that we have with our owners, primarily through the IHG Owners Association. This collaboration enables us to work closely with our owners, tap into their combined expertise and take action more quickly and effectively than our competitors.

As we move into our 10th year as a stand-alone listed company, we can be proud of our record of delivery as we continue to gain market share, leveraging our scale to grow margins, profits and cashflow. This has enabled us to continue to reinvest in our business whilst simultaneously returning significant sums of surplus cash to shareholders and generating superior shareholder returns. In August 2012 we announced a \$1 billion return of funds to shareholders continuing our long track record of returns, with total funds returned to shareholders since the 2003 demerger, including ordinary dividends, of around \$9 billion, almost twice the market capitalisation of the Group when we listed.

We will continue to drive the business forward through our preferred Brands, talented People and best-in-class Delivery systems, all underpinned by our commitment to Responsible Business. In 2012 we continued to outperform the industry with strong RevPAR growth, with

particular outperformance in our two largest markets, the US and Greater China. Importantly, in spite of the limited availability of capital in many markets, we increased the number of rooms operating in our System by 2.7 per cent. This, combined with healthy RevPAR growth is what has enabled us to grow our fee revenue so strongly.

Preferred Brands

Our preferred Brands are at the heart of our business and are key to our continued success in driving strong results. Our brands are already some of the most recognised in the industry but we continue to innovate and develop them to meet changing guest needs and to stay ahead in a competitive market place.

We are delighted to have launched two new brands in 2012; HUALUXE Hotels & Resorts in China and EVEN Hotels in the US. HUALUXE has had a particularly strong start with 15 signings in the year. Each of these brands has been created through a deep understanding of the trends in the lodging marketplace combined with genuine insight into guest occasions and needs. They have been designed to meet a need which we feel is underserved in the market today and which can deliver significant revenue and profit opportunities over the longer term, in our two largest markets. IHG's significant expertise in both these markets and the scale of our operations enabled us to launch these two new brands simultaneously, unprecedented in the industry.

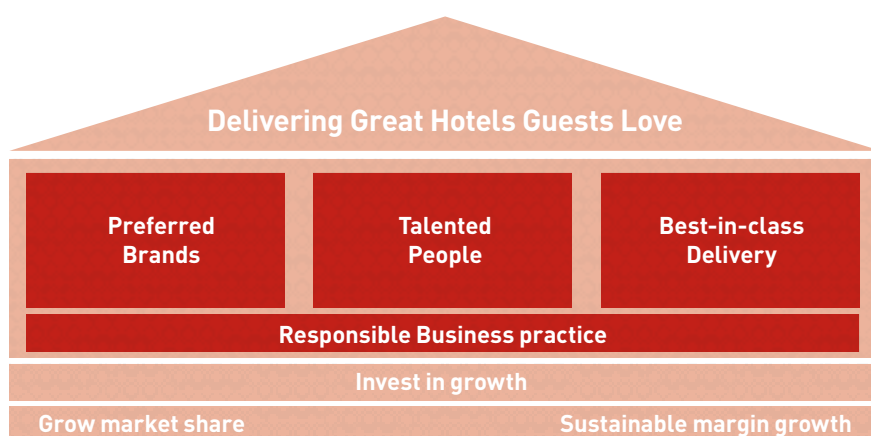
New brands are exciting and have the potential to create value in the future and

IHG has a track record of successful brand launches. But it is our powerful portfolio of established brands that create value for our owners and shareholders today – and we never lose sight of that fact as we continually evolve and refine them. Our largest brand, the Holiday Inn brand family, continues to deliver significant value for both IHG and our owners. This year Holiday Inn was the official hotel provider to the London 2012 Olympic and Paralympic Games and celebrated its 60th anniversary. In 2012 Holiday Inn continued its post relaunch track record by growing its premium to the sector each year since 2007, and was ranked 'Highest Guest Satisfaction Among Mid-Scale Full Service Hotel Chains, Two Years in a Row' by J.D. Power and Associates (see page 60).

Crowne Plaza is our second largest brand after the Holiday Inn brand family. It is already the world's fourth largest full-service hotel brand in the upper segments, generating almost 20 per cent of our total gross revenue per annum. Crowne Plaza has been highly successful and has a solid foundation for future growth, however we see significant opportunity to take its performance in The Americas up to the levels achieved by the brand globally. We are currently undertaking a three-phase, multi-year repositioning programme, which will look to provide a more consistent, targeted experience around the world.

Talented People

Great hotel brands need to deliver a consistent, branded experience to guests, and talented and passionate People are essential for this. At IHG we are focussed on ensuring our People deliver consistent



service, irrespective of ownership model. This is a complex task and our success has required significant innovation and effort as we have worked hand-in-hand with our owners to deliver on it.

Our suite of People Tools help our owners and General Managers to develop a BrandHearted culture, make IHG and its hotels a great place to work and deliver the brand promise to our guests. To support communities and aid recruitment we have developed the IHG Academy programme, which is a collaboration between IHG hotels or corporate offices and local education providers and/or community organisations around the world, providing the opportunity to develop skills and improve employment prospects. We celebrated the opening of our 150th IHG Academy in January this year and to date over 10,000 participants have benefited from the IHG Academy programme.

We continue to be rewarded for our efforts in this area and have been recognised in The Sunday Times 25 Best Big Companies to Work For in 2012, as well as winning a number of other awards globally.

Best-in-class Delivery

IHG provides our hotels with a powerful combination of best-in-class revenue platforms, programmes and tools with which to drive profitable revenue to our branded hotels – what we call our System. The scale and power of this System enables us to outperform by creating, converting, yielding and retaining demand.

We continue to lead industry innovation, and this can be seen in our progress with mobile and web booking solutions. We are a founding member of roomkey.com, which was launched in 2012 as the first

industry-owned online hotel search engine. Revenues from mobile devices generated \$330 million in 2012. During 2012, Holiday Inn was the first major hotel brand to launch a travel app on the Windows 8 platform. In 2012, 69 per cent of total rooms revenue was delivered through IHG's channels, including our call centres and websites, and our award-winning Priority Club Rewards programme. This is the largest loyalty and rewards programme in the industry with 71.4 million members worldwide and is a very important way in which we retain and reward loyal guests. In 2012 Priority Club Rewards members accounted for 41 per cent of the revenue generated in our hotels. Our scale advantage means that we can offer guests more choice, which better meet their needs, and this is a key driver of our outperformance.

Looking forward we remain confident. Despite the uncertain economy in some markets, long-term travel trends are positive, particularly in developing markets such as China and Asia generally. The drivers of demand in the hotel industry remain positive and IHG is well-placed to benefit from these as we continue to deliver against our clearly defined strategy with preferred Brands delivered by talented People and best-in-class Delivery systems, all underpinned by our strong governance structure and Responsible Business practices.

Richard Solomons
Chief Executive



The IHG Owners Association is continuing to strengthen its alignment with IHG – we've been on this journey for nearly 60 years, and this latest chapter is perhaps the most exciting yet.

In autumn 2012, the Executive Committee of the IHG Owners Association and the IHG Executive Committee met in Oklahoma City to fashion a plan that launched this latest chapter. Together we agreed to refine the focus of our work and established five key priorities around which to organise our work:

1. deliver the strongest brand portfolio in the industry;
2. deliver the strongest set of tools in the industry;
3. develop the strongest approach to standards in the industry;
4. develop the strongest General Manager talent in the industry; and
5. maintain the strongest reputation for doing business the right way.

As a result of establishing these focussed priorities, the IHG Owners Association is reorganising its committee structure to work towards this shared vision. Our goal is to work closely with IHG to increase owner margins by strengthening the IHG brands.

We plan to begin by working in three specific areas: energise General Managers to be our brand promise keepers; master the IHG revenue tools in every hotel; and relentlessly pursue these brand standards that matter.

IHG owners are proud of their hotels, and the IHG Owners Association is proud to work with IHG. Our mutual focus on strengthening the IHG brands gives us the greatest opportunity to increase hotel value and owner margins.

Mike Hembree
2013 Chairman
IHG Owners Association



For information on the
IHG Owners Association
go to www.owners.org

Implementing our strategy

Our strategy is to build preferred Brands with scale positions in the most attractive markets globally. Concentrating growth in the largest markets means IHG and owners can operate more efficiently and benefit from enhanced revenues and reduced costs.

Strategy on track

The hotel industry performed well last year, despite challenging economic conditions. The economic outlook deteriorated over the course of 2012 with increased concerns over the Eurozone and weaker performance in the US and China. However, the hotel industry demonstrated its resilience against this challenging economic background. Globally, industry revenue per available room (RevPAR) increased by 4.5 per cent against a 5.9 per cent increase in 2011. IHG performed well against these market conditions, with global RevPAR growth in 2012 of 5.2 per cent.

IHG opened 33,922 rooms (226 new hotels) worldwide in 2012 and, with 675,982 rooms (4,602 hotels), IHG holds the largest share of branded rooms in the industry, currently approximately 9 per cent of branded supply, distributed across nearly 100 countries and territories.

The benefits of a brand, such as the greater security and performance of a global reservation system, loyalty programmes and international networks, are clear to many owners and IHG is well-positioned to win the business of owners seeking to grow with a hotel brand.

IHG closely monitors markets across the globe and follows key industry and business metrics to ensure our strategy continues to be sustainable in the changing business environment and suitable for our capabilities.

Our strategy, to build preferred Brands with scale positions in the most attractive markets globally, remains firmly on track.

Competing in relevant consumer segments

The hotel industry is usually segmented according to price point. IHG is focussed on the three segments that generate over 90 per cent of branded hotel revenue, namely midscale (broadly three star), upscale (mostly four star) and luxury (five star). However, to build preferred Brands, we believe we need to advance our understanding of our guests and their needs to ensure our Brands remain contemporary and relevant.

We have therefore completed a fundamental occasion-based needs segmentation analysis to understand why guests book hotels – looking at who they are, the occasion they are travelling for and their needs when travelling. Many guests no longer have a single purpose for their hotel stay, for example, business trips turn into family holidays, and we need to meet these demands, focussing more on the needs of our guests, to deliver loyalty and brand preference. We used this analysis to develop the brand proposition for our two new brands, HUALUXE Hotels & Resorts and EVEN Hotels, and we continue to work on this needs-based segmentation to help inform our view of the hotel market and our brand strategies going forward.

Competing in the most attractive markets

Our strategy is to build preferred Brands with scale positions in the most attractive markets globally. Concentrating growth in the largest markets means IHG and owners can operate more efficiently and benefit from enhanced revenues and reduced costs.

Our key markets include large developed markets such as the US, UK and Germany as well as emerging markets like China and India. During 2012, we opened 33,922 rooms in 26 countries, and signed a further 53,812 rooms into our development pipeline across 33 countries. As part of our ongoing commitment to maintaining the quality of our Brands, we removed 16,288 rooms during the year. As at 31 December 2012, IHG had the second largest pipeline in the industry, with 169,030 rooms in 1,053 hotels across 60 countries and territories. This represents a market share of 12 per cent of all hotels under development, including those that are independent or unaffiliated.

In China, IHG sees the greatest opportunity for growth of any single country. In a country with 659,000 branded hotel rooms, IHG is the largest international hotel company with over 61,000 rooms across our brands and more than 50,000 in the planning phase or under construction. IHG is also focussed on developing in other high priority markets. We seek to develop our portfolio of Brands in those markets which will be sources of strong demand in the future. For example, we increased the distribution of our core brands in India, building upon our leadership position of Holiday Inn. In Russia and the Commonwealth of Independent States, there are opportunities for new construction and conversions, as well as strong demand for branded hotels. IHG continues to adapt its business model by market, choosing partnerships and joint ventures where appropriate.

**Left**

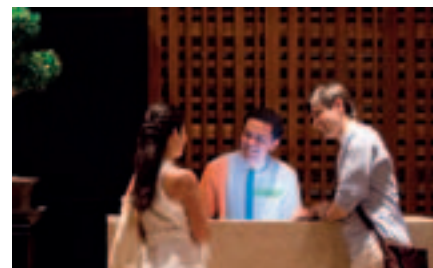
Hotel Indigo New York City-Chelsea, US

Bottom

Crowne Plaza Phuket Panwa Beach Resort, Thailand

Far bottom

InterContinental Century City Chengdu, China

**Left**

With a portfolio of preferred Brands in the most attractive markets, our talented People are focussed on delivering Great Hotels Guests Love and executing a clear set of priorities to achieve our Vision of becoming one of the great companies in the world

Where we compete

Relevant consumer segments

Most attractive markets

Appropriate business model

How we win

Portfolio of preferred Brands

Talented People

Best-in-class Delivery

Responsible Business

Our business model

Whatever the external economic climate, it is the inherent strengths of our asset-light fee based business model that keep us in good shape.

The model is focussed on franchising and managing hotels, rather than owning them. We currently have 85 per cent franchised hotels, 14 per cent managed hotels and less than one per cent owned and leased (10 hotels). This enables us to grow at an accelerated pace with limited capital investment, and means that IHG can focus on building strong, preferred Brands based on relevant consumer needs, leaving asset management and real estate to local third-party owners with the necessary expertise. With this asset-light approach, IHG itself benefits from the reduced volatility of fee based income streams as compared with the ownership of assets.

The scale of our business allows us to concentrate on building strong Delivery systems such as our branded hotel websites and call centres, which in turn create greater returns for owners.

A key characteristic of the franchised and managed business model is that it is highly cash generative, with a high return on capital employed. It enables us to focus on growing our fee revenue and fee based margins. In 2012, 86 per cent of Group operating profit (before regional and central overheads and exceptional items) was derived from franchised and managed operations. In some situations, we support our brands by using capital to build or support the funding of flagship assets in high-demand locations in order to drive growth. We plan to recycle capital by selling these assets when the time is right, to reinvest elsewhere in the business and across our portfolio.

We continue to invest for growth, strengthening both our existing brands and launching new ones.

'In China, IHG sees the greatest opportunity for growth of any single country. In a country with 659,000 branded hotel rooms, IHG is the largest international hotel company with over 61,000 rooms across our brands and more than 50,000 in the planning phase or under construction.'

Our business model and revenue delivery systems

We run hotels in three ways: franchised, managed and owned. Our asset-light business model means we own just 10 hotels (less than one per cent of our portfolio). Most of our hotels operate under a franchise agreement or are managed by IHG on behalf of owners. All of our hotels are supported by our revenue delivery systems and marketing programmes, which drive business to our hotels.

Our business model

	Brand ownership	Marketing and distribution	Staff	Hotel ownership	IHG capital	IHG income
Franchised This is the largest part of our business: 3,934 hotels operate under franchise agreements	IHG	IHG	Third-party	Third-party	None	Fee % of rooms revenue
Managed We manage 658 hotels worldwide	IHG	IHG	IHG usually supplies General Manager as a minimum	Third-party	Low/none	Fee % of total revenue plus % of profit
Owned and leased We own 10 hotels worldwide (less than one per cent of our portfolio)	IHG	IHG	IHG	IHG	High	All revenues and profits

Our revenue delivery systems at a glance

Scale 4,602 hotels 157 million room nights annually	Brand portfolio Nine preferred hotel brands	Priority Club Rewards 71.4 million members, contributing over \$7.2 billion to global system rooms revenue	Web/Mobile 13 language sites six language apps
Revenue Management World-class systems	69% room revenue delivery		Food and beverage Over \$4.7 billion of food and beverage revenue and over 4,500 outlets worldwide
Reservations systems 10 call centres 12 languages	Market coverage In nearly 100 countries and territories	Sales force 17,600 sales professionals 2,020 accounts	System Fund Annual fund totalling \$1.2 billion to maintain marketing and systems that generate demand for our hotels

How we win

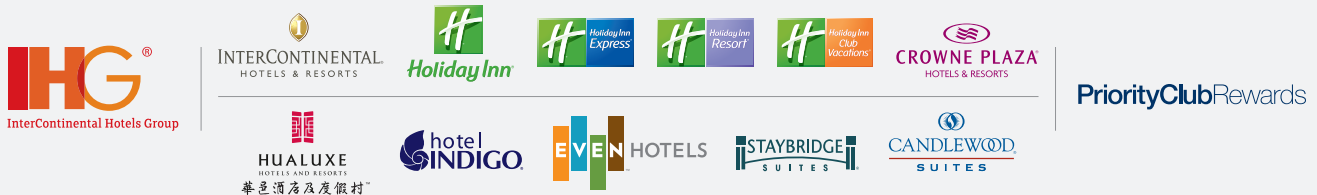
At IHG, we're focussed on winning through our strong portfolio of nine hotel Brands, our talented People who deliver our brand promise and bring our Brands to life for our guests, and our best-in-class Delivery systems that enable us to leverage our scale. At the heart of our culture is a commitment to act responsibly in everything we do.



Hotel Indigo Atlanta Midtown, US

Brands

Bigger, better and stronger brands. Each of our brands needs to deliver a superior and consistent experience to that offered by competitors. Guests value a quality, branded hotel experience and will pay a premium price. Superior and consistent brand experiences deliver a better return on investment to us and to our owners who choose to operate under our brands.



"A brand is a promise. It says: 'I promise that if you buy this brand, you will get this experience.' And that is what we have to consistently deliver."

Larry Light
Chief Brands Officer

Top left
Hotel Indigo Shanghai on the Bund, China

Top right
Crowne Plaza Changi Airport, Singapore

Bottom right
Hotel Indigo London-Tower Hill, UK

InterContinental Hotels & Resorts	page 14
Holiday Inn brand family	page 16
Crowne Plaza Hotels & Resorts	page 20
Hotel Indigo	page 22
Staybridge Suites	page 24
Candlewood Suites	page 26
HUALUXE Hotels & Resorts	page 28
EVEN Hotels	page 29

IHG's priority is that each of our brands becomes bigger, better and stronger.

Bigger

The major engine for a sustainable growth in profits has been our System size. Size matters.

There is competitive advantage to being big. We have more rooms in more locations and operationally there are economies of scale. It makes us more efficient. There are also 'power of scale' opportunities to be more effective. Our best-in-class Delivery systems mean that we can try new things. If they work, we can expand them.

Furthermore, size enables us to develop areas of specialist expertise – for example, we have situated our global resorts team in Bangkok, which is at the heart of a great resort location, to further develop our resorts strategy.

In order to generate more effectiveness, consistency and efficiency from our marketing, we will be streamlining our processes to ensure better integration of global brand plans worldwide.

Better

It is vital that we continually review everything we do in order to improve – we can always do better. This includes improving the consistent delivery of our guest experience, differentiating and innovating our Brands, addressing guest complaints, managing our talented People and relationships with owners, and understanding a guest's needs, wants, concerns and worries.

This is a key area of focus.

Our Brands regularly win industry awards in guest satisfaction, and these awards provide external recognition that we understand how to deliver Great Hotels Guests Love.

Stronger

By stronger, we mean brand preference – among guests and owners, investors and employees. It is a major strategic priority for IHG.

Strong brands have a huge advantage. As brand preference goes up, price sensitivity goes down. Brand enthusiasts think it is worth paying a premium for their first choice brand. Their willingness to recommend and their brand loyalty increase as we give them reasons to believe in our brand promise.

Building brand preference

We are undertaking some significant work to help us build brand preference. With our goal of building bigger, better and stronger brands, to keep them contemporary and relevant, we are improving our knowledge of our guests. We will be doing this through market segmentation. Classifying our brands in conventional industry terms such as upper upscale means nothing to guests. Upper upscale or the nuance between a limited-service hotel and a select-service hotel are categories that guests don't buy.

Needs are occasion-based. And these vary enormously. Do you have children with you? Are you planning a wedding? Is this a business trip? Is it a weekday or the weekend? We've completed a fundamental occasion-based needs segmentation analysis to give us a better guest's eye view and expectation of the hotel and resort market.

Going forward, we will use this work to inform our brand strategies.

We will continue to clarify and differentiate our vision for each of our brands to deliver better results through more effective customisation, localisation and even personalisation of the brands within IHG's strong portfolio.

We've been establishing brand frameworks for each of our hotel brands to further define their strategic direction, brand promise, guiding principles, brand identity, design and service guidelines.

Unlike packaged goods, our branded experiences are not manufactured in a factory. Our branded experiences are brought to life in the hotel. What guests actually experience is the only relevant reality – and brand preference is created one guest at a time, in each hotel, each day, face-to-face. This means that the ultimate brand manager is the hotel General Manager. Therefore, we are investing resources to ensure that our General Managers can deliver our brand promise.

Our strong portfolio of preferred Brands are key to IHG's success. In 2013, we will continue to innovate and develop our established and new hotel brands to meet the evolving needs of our guests, as well as create value for our owners and shareholders.



InterContinental® Hotels & Resorts

InterContinental® Hotels & Resorts is IHG's most established brand, having been on the international scene for over 60 years. With a presence in over 60 countries, found in most of the world's key cities and many resort locations, the brand is growing at pace and continues to expand around the globe.



InterContinental Hotels & Resorts' well-travelled, affluent guests want to be connected to what is special about a destination and appreciate the brand's understated service and style. Every team member shares their knowledge so that guests can enjoy authentic experiences and make the most of their time with us.

Opening our doors since 1946

In 2012, we opened six more world-class properties in key locations. Of these, we celebrated three fantastic additions to our resorts portfolio, further cementing InterContinental Hotels & Resorts as one of the world's most respected luxury hotel brands. These were InterContinental Samui Baan Taling Ngam Resort in Thailand, InterContinental Danang Sun Peninsula Resort in Vietnam and InterContinental Sanctuary Cove Resort in Australia. The latter is IHG's first

InterContinental Resort in Australia, and joins our network of InterContinental hotels in the Australasia region, including Sydney, Melbourne, Adelaide, Wellington and Fiji.

Adding to our city portfolio, we opened InterContinental Doha-The City and Presidente InterContinental Santa Fe Mexico. We also opened InterContinental London-Westminster in November 2012 in a superbly renovated 19th century landmark building close to many of London's most iconic sites. This new hotel ensures IHG's continued presence in one of the world's key cities.

We also announced 10 signings including properties in Jakarta and Oman. The signing of the InterContinental Phuket Rawai Beach Resort marks our third InterContinental Resort in Thailand.

Looking forward to 2013, we are preparing to cut the ribbon at 12 InterContinental Hotels & Resorts including InterContinental Davos Resort & Spa in Switzerland and InterContinental Marseille-Hotel Dieu in France.

Focus on global brand marketing

In 2012, we strengthened our integrated global marketing activity. Firstly, we launched a new brand website. Users of intercontinental.com can now explore InterContinental Hotels & Resorts properties via filters like location, interest or hotel type. Secondly, we launched two new global brand advertising campaigns. The first highlighted our new resorts in Asia, and the second promoted our industry-leading Concierge Service, featuring our Chef Concierges from key city hotels sharing authentic experiences of their favourite places.

intercontinental.com

**Far left**

InterContinental Danang Sun
Peninsula Resort, Vietnam

Right

InterContinental Doha-The City,
Qatar

Top far right

InterContinental London-
Westminster, UK

Bottom far right

InterContinental Hotels & Resorts
advertising campaign

Region	Hotels	Rooms	Hotels in pipeline
Americas	53	17,756	4
Europe	30	9,394	2
AMEA	65	20,791	20
Greater China	22	9,373	22
Total	170	57,314	48

**The scent of luxury**

We are delighted to have launched our exclusive global collaboration with Agraria, America's oldest and largest luxury home fragrance brand, to provide guest amenities to all of our InterContinental Hotels & Resorts around the world. Agraria has a shared heritage with InterContinental Hotels & Resorts dating back to the 1970s, when it opened its first boutique on Nob Hill in San Francisco, near InterContinental Mark Hopkins San Francisco, the brand's first hotel in North America. Agraria products can now be found at the finest retail stores around the world.

Awards

InterContinental Hotels & Resorts continues to be recognised as one of the world's leading hotel brands. At the 2012 World Travel Awards, InterContinental Hotels & Resorts was named the World's Leading Hotel Brand for the fourth consecutive year, as well as the World's Leading Business Hotel Brand for the second year running. The brand was also awarded Best Business Hotel Brand in the World at the 2012 Business Traveller Awards Asia-Pacific for the third year running.

'Every team member shares their knowledge so that guests can enjoy authentic experiences and make the most of their time with us.'



Holiday Inn brand family

The Holiday Inn brand family, comprising Holiday Inn®, Holiday Inn Express®, Holiday Inn Resort® and Holiday Inn Club Vacations®, represents the largest number of rooms and fee revenue for IHG. And as part of our 60th anniversary celebration in 2012, we clarified the vision for each of the members of the family – ensuring we make them ever more relevant for today's and tomorrow's travellers.



Each of the brands in the Holiday Inn brand family share the same DNA as their powerful parent brand – Holiday Inn. However, each one is distinctive, has its own identity, and appeals to different guest needs on different travel occasions. The Holiday Inn brand family hosts over 100 million guest nights each year. That means every second, two people check-in to a Holiday Inn brand family hotel.

Holiday Inn®

Many of the things we now take for granted in hotels today were revolutionary when the Holiday Inn brand first launched them over the last 60 years. Our guests appreciate innovation, but they also want to be comfortable, both emotionally and physically, and that's what makes the Holiday Inn brand different. The Holiday Inn brand promise is to deliver comfort in a way that is new, yet familiar.

Holiday Inn Express®

Our hotels are designed with savvy travellers in mind. They want a straightforward, uncomplicated experience, delivered in an engaging manner. A hotel that provides them with just what they need, enabling them to manage their money wisely and stay smart.

Holiday Inn Resort®

The Holiday Inn Resort brand offers an effortless choice for a relaxing break. Time away is important to our guests so they don't want to worry about every little detail when going on holiday. They want to relax in an environment that is safe and inviting, where everyone has activities they enjoy and they discover indulgent touches along the way.

Holiday Inn Club Vacations®

Our Holiday Inn Club Vacations brand provides guests with all of the benefits of a vacation home with none of the hassle. While staying with us they don't have to compromise on space or their daily routines.

holidayinn.com	
hiexpress.com	
hiclubvacations.com	
holidayinnresorts.com	

Far left

Holiday Inn Saskatoon
Downtown, Canada

Below

Holiday Inn London-
Stratford City, UK

Holiday Inn

Region	Hotels	Rooms	Hotels in pipeline
Americas	793	138,720	134
Europe	285	46,248	20
AMEA	61	14,129	43
Greater China	61	19,884	34
Total	1,200	218,981	231

**Holiday Inn****Celebrating 60 years around the world**

2012 marked the 60th anniversary of the iconic Holiday Inn brand, coinciding with the end of its \$1 billion global brand refresh, the results of which have seen the brand's performance go from strength to strength. As well as celebrating being 60 we opened our 60th hotel in Greater China.

The Holiday Inn brand was also ranked 'Highest in Guest Satisfaction Among Midscale Full Service Hotel Chains, Two Years in a Row' by J.D. Power and Associates (see page 60).

A winning year

As official hotel provider to the London 2012 Olympic and Paralympic Games, the spotlight was also on the Holiday Inn brand throughout the year.

The June 2012 opening of the 188-room Holiday Inn London-Stratford City overlooking the Olympic Park was one of the brand's most notable openings during the year.

In the Olympic and Paralympic Village itself, more than 90 Holiday Inn team members from around the world were given the opportunity to help deliver world-class service for athletes. Hotel and corporate office representatives were flown in from China, the Philippines, the US, Australia, Kenya, Serbia, as well as the UK for this once-in-a-lifetime opportunity.

The sponsorship of the Olympic and Paralympic Games has provided exciting momentum for the Holiday Inn brand with over 50 per cent of Holiday Inn guests who saw the sponsorship campaign saying they are more likely to stay with us again.

'Our guests appreciate innovation, but they also want to be comfortable, both emotionally and physically – and that's what makes the Holiday Inn brand different.'



Holiday Inn Express

Region	Hotels	Rooms	Hotels in pipeline
Americas	1,931	168,398	345
Europe	212	24,903	43
AMEA	12	2,877	35
Greater China	37	9,453	29
Total	2,192	205,631	452

Holiday Inn Express

Growing at pace

Holiday Inn Express is one of the largest and fastest growing brands in the industry, opening hotels at the rate of two per week on average.

The brand saw the opening of 114 new properties in 2012. There are currently 2,192 Holiday Inn Express hotels (205,631 rooms) around the world.

The Holiday Inn Express Bangkok Siam in Thailand launched in June 2012 and represents the brand's first foray into Southeast Asia, a region with huge potential. Our expansion plans include further properties in Thailand, Indonesia, Singapore and Malaysia over the next few years. Indonesia is a particularly important growth market for us. There are currently 18 hotels in the Holiday Inn Express pipeline scheduled to open over the next two years in Southeast Asia, of which 12 will be in Indonesia.

The brand is also continuing to expand across the broader Asia region, including in Greater China and India. The Holiday Inn Express Ahmedabad opened in India as a country first for the brand.

In the Middle East, the launch of Holiday Inn Express Bahrain in August 2012 marked our debut in the Gulf state.

Distinctive service

As part of IHG's drive to increase the differentiation between the Holiday Inn and Holiday Inn Express brands, we have been developing new brand-specific service behaviours for Holiday Inn Express.

A number of hotels in each of our regions were involved in the validation process for the new service behaviours, and development work began on training programmes that will be delivered through an eLearning platform. These programmes will be rolled out in 2013.

**Far left**

Holiday Inn Express Bangkok
Siam, Thailand

Left

Holiday Inn Resort Kandooma
Maldives

Holiday Inn Resort

Region	Hotels	Rooms	Hotels in pipeline
Americas	17	4,240	5
Europe	3	362	0
AMEA	14	3,311	4
Greater China	3	893	3
Total	37	8,806	12

Holiday Inn Club Vacations

Region	Hotels	Rooms	Hotels in pipeline
Americas	10	3,701	0
Europe	0	0	0
AMEA	0	0	0
Greater China	0	0	0
Total	10	3,701	0

‘Our expansion plans include further properties in Thailand, Indonesia, Singapore and Malaysia over the next few years. Indonesia is a particularly important growth market for us.’

Holiday Inn Resort**More places to relax**

The guests who choose the Holiday Inn Resort brand work hard, but also want to lead a balanced life.

That is why we continue to grow and give them more places to relax.

The brand had a great year in The Americas, supported by brand-specific marketing campaigns. Four properties opened in The Americas in 2012, including two in Oregon, bringing the total number of properties to 17. Five more are in the pipeline, including resorts in the Cayman Islands, Mexico and Florida, as well as further expansion planned in California.

We also saw our third Holiday Inn Resort opening in Greater China with the Holiday Inn Resort Chaohu Hot Spring.

In total in 2012, we opened seven Holiday Inn Resort properties around the world.

Holiday Inn Club Vacations**More vacation options**

The tremendous strength of the Holiday Inn brand continues to fuel expansion of Holiday Inn Club Vacations in North America.

The number of Holiday Inn Club Vacations properties have more than doubled since its launch year in 2008, expanding the portfolio in 2012 to 10 properties with the opening of three new resorts, including a new 658-room resort in Las Vegas.



Crowne Plaza® Hotels & Resorts

The Crowne Plaza® brand is the fourth largest full-service hotel brand in the upper segments, with nearly 400 hotels and resorts in 66 countries. It continues to succeed with business travellers who are high achievers that strive to be successful in everything they do. The Crowne Plaza brand provides the facilities and service they need to help them on their upward journey.



Region	Hotels	Rooms	Hotels in pipeline
Americas	183	48,730	16
Europe	84	19,566	12
AMEA	65	18,559	18
Greater China	60	21,452	52
Total	392	108,307	98

Strengthening the brand

Having doubled its size in a decade to nearly 400 hotels, IHG is now ensuring that each Crowne Plaza hotel meets our standards and our guests' high expectations.

The repositioning remains a top priority for IHG and the IHG Owners Association, and momentum continues to build. The repositioning of the Crowne Plaza brand is a three-phase, multi-year repositioning programme.

As part of the 'Freshen Up' phase, owners have invested in new programmes, including a new brand-specific service training programme that ensures our guests receive the same quality service and attention at every Crowne Plaza hotel worldwide. Bringing the brand to life through our People and being one step ahead is what truly sets us apart from our competitors. The 'One Step Ahead' programme enables employees to anticipate the needs of guests and provides quality across all of our hotels.

In addition, quality audits have been carried out at almost all Crowne Plaza hotels in The Americas and Europe. Where deficiencies have been identified, action is being taken to rectify them and sub-standard hotels are exiting from our System.

Next comes the 'Move Up' phase, where the focus will be on ensuring consistency and evolution of the guest experience, and driving brand performance through marketing and sales.

The 'Shine' phase will introduce new brand hallmarks, which will set the Crowne Plaza brand apart from our competitors. This phase is not something we'll start and stop; we must continue to innovate and differentiate the guest experience in order to make the brand shine each and every day.

Growing in China

In 2012, the opening of eight new Crowne Plaza hotels in Greater China brought our total to 60. With existing

locations in major urban centres, gateway cities and resort destinations, the Crowne Plaza brand is now Greater China's largest upscale international hotel brand.

More than half of the brand's global development pipeline (52 hotels) will open in Greater China in the next three to five years, further proof that the brand is growing bigger in this region.

In September 2012, we opened Hong Kong's second Crowne Plaza hotel, Crowne Plaza Hong Kong Kowloon East, which is at the heart of the emerging commercial and residential Tseung Kwan O town centre.

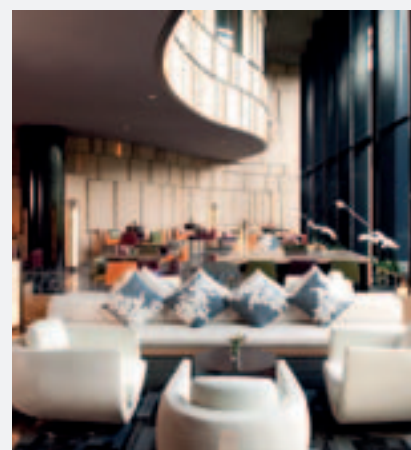
In the AMEA region, we opened two resorts in 2012: the Crowne Plaza Phuket Panwa Beach Resort in Thailand and the Crowne Plaza Jordan Dead Sea Resort & Spa.

crowneplaza.com


Far left
Crowne Plaza Hong Kong
Kowloon East

Left
Crowne Plaza Dublin-
Blanchardstown, Ireland

Below
Crowne Plaza Changi Airport,
Singapore



Checking-in to sustainability

The Crowne Plaza brand is delivering a better and more sustainable future thanks to IHG's Green Engage programme.

During 2012, Green Engage was rolled out to the Crowne Plaza brand. The programme not only helps the hotel run more efficiently – energy savings of up to 25 per cent have been achieved – but also makes the brand more attractive to corporate customers who are increasingly requiring hotels to be green.

Hotels have replaced everything from light bulbs to water heaters with less energy intensive alternatives, ensuring that the brand stands out strongly amidst competitors in environmentally-friendly efficiency.

Green Engage, our online sustainability platform, helps hotels track, manage and reduce the use of energy, carbon and water and the management of waste in hotel properties, thereby assisting hotels in saving money on energy costs.

'More than half of the brand's global development pipeline (52 hotels) will open in Greater China in the next three to five years, further proof that the brand is growing bigger in this region.'



Hotel Indigo®

IHG has always been clear about who the guests of the Hotel Indigo® brand are, and what they want. They are upscale and well-travelled. They appreciate art and design, the latest fashion and new experiences. They are looking for the individuality and style of a boutique hotel, but also want the reliability and consistency of a big brand company.



Reaching the 50th hotel milestone

As 'the world's first global boutique hotel brand', IHG opened 13 new Hotel Indigo properties during 2012: six in The Americas, five in Europe and two in Greater China.

In December 2012, the Hotel Indigo brand reached its 50th hotel milestone since its launch in 2004 with the openings of Hotel Indigo London Kensington-Earl's Court and Hotel Indigo New Orleans Garden District.

The roll-out of the brand in Europe is gathering pace, with 10 new hotels since it was introduced in the region in 2008. In 2012, the first Hotel Indigo property in Continental Europe launched in Kurfuerstendamm, Berlin in February, and the overall number of the hotels in Europe doubled to a total of 10.

The pipeline includes planned openings in 2013 in other key European cities, including St. Petersburg, Madrid and Barcelona, with Birmingham, Manchester and Hamburg to follow.

Focusing on quality growth

With a strong global appetite for the brand, IHG's focus is on quality growth in priority markets and gateway cities. This will be achieved together with the right owner and property that's situated in the right neighbourhood with residential, commercial, pedestrian and cultural representation. The pipeline currently stands at 47 hotels, with the estate set to double in size to 100 within the next three to five years. Other expected openings in 2013 and 2014 include in Riyadh, Tel Aviv, Hong Kong, Bangkok, Phuket and New York City.

Making the most of the neighbourhood

No two Hotel Indigo hotels are the same. Each is specifically designed to reflect the vibrant culture, character and history of its surrounding neighbourhood, which includes local food and drink menus sourced from local suppliers.

Close links with the neighbourhood are fundamental to the brand. Therefore, we have launched a series of interactive, online 'Neighbourhood Guides' that feature a collection of hyper-local recommendations of things to see, do, taste, drink, hear and buy near to the hotel.

hotelindigo.com


Region	Hotels	Rooms	Hotels in pipeline
Americas	37	4,307	23
Europe	10	949	13
AMEA	0	0	6
Greater China	3	405	5
Total	50	5,661	47

Far left

Hotel Indigo London Kensington-
Earl's Court, UK

Below left

Hotel Indigo San Diego
Del Mar, US

Below right

Hotel Indigo Tianjin Haihe, China

**Award-winning**

We continue to win awards – Hotel Indigo Shanghai on the Bund was named Best Boutique Hotel in Asia-Pacific at the 2012 Business Traveller Asia-Pacific Awards, a real achievement, and Hotel Indigo San Diego Gaslamp Quarter featured as one of the Top 25 Hotels in Southern California in the Condé Nast 2012 Readers' Choice Awards.

'In 2012, the first Hotel Indigo property in Continental Europe launched in Kurfuerstendamm, Berlin in February, and the overall number of the hotels in Europe doubled to a total of 10.'



Staybridge Suites®

An extended time away from home for business, relocation or holiday should provide travellers with a warm and welcoming environment and the modern comforts of home-like surroundings. This is why travellers choose the Staybridge Suites® brand.



At Staybridge Suites hotels, IHG provides upscale travellers with the best of home and hotel, all in a comfortable environment with spacious studios and two-bedroom suites.

With 11 openings during 2012, there are now 189 Staybridge Suites hotels in The Americas, Europe and AMEA with another 71 in the pipeline.

Notable openings for the Staybridge Suites brand during the year included in Stratford City, London in the UK, Hamilton, Ontario in Canada and North Brunswick, New Jersey in the US.

Colour and conviviality

As part of a multi-million dollar renovation programme with owner Hospitality Properties Trust, 17 Staybridge Suites hotels managed by IHG were extensively renovated during 2012, with renovations at two more hotels to come. Using distinctive ranges of colours, patterns and textures, the environment of these properties is more appealing than ever.

Included in the renovations were all areas of the hotel, from the suites to the public spaces and outdoor areas. Renovations in social areas, such as the Great Room, encompassed the additions of the Gathering Table and more comfortable seating, which are central to the brand's concept of providing spaces where guests can socialise with each other, especially during breakfast and The Social evening reception.

The Outdoor Living Room, another Staybridge Suites feature, was also renovated with all-weather furniture and fire pits, enhancing the community feel of each hotel.

A further enhancement in 2012 was the launch of the Staybridge Suites Bedding Collection for all properties in North America. The new bedding offers a more modernised look, an elevated guest perception and increased comfort.

staybridgesuites.com



Region	Hotels	Rooms	Hotels in pipeline
Americas	183	19,787	64
Europe	4	605	1
AMEA	2	304	6
Greater China	0	0	0
Total	189	20,696	71



From far left to right
Staybridge Suites Reno,
Nevada, US

Staybridge Suites
Newcastle, UK

The Social, the
evening reception at
Staybridge Suites

The Great Room at
Staybridge Suites Tyler
University Area, Texas, US

Socialising at Staybridge Suites hotels

While guests tend to their own schedules during an extended stay at Staybridge Suites hotels, there are times when they want to leave their suites and socialise with their colleagues or other guests. To facilitate this, the brand has an evening reception, The Social, which is held in every hotel three times a week and provides complimentary food and drink in the public areas – inside and out. Guests can relax in settings that incorporate stacked stone fireplaces, high-definition televisions and landscaped gardens, while meeting other Staybridge Suites guests. In 2012, the Staybridge Suites brand enhanced The Social with new food and beverage offerings including healthier, customisable options. These enhancements were launched at all hotels in North America. As a result guest participation and overall satisfaction have increased across the brand.

Engaging through social media

Guests staying in hotels for weeks or even months at a time often face challenges while away from home. In an effort to help make this easier for our guests, the Staybridge Suites brand launched a campaign in 2012 to provide useful tips, tricks and hints so guests could master 'The Art of Traveling Solo'. The global campaign, which featured celebrity chef and television personality G. Garvin, included an interactive Facebook application with videos and helpful suggestions. Consumers engaged with the campaign during live Facebook and Twitter chats, sharing their own tips on topics including how to make a quick, tasty meal in a hotel suite kitchen and how to pack for an extended trip.

Gold standard

In June 2012 – well in time for the London 2012 Olympic and Paralympic Games – we opened Staybridge Suites London-Stratford City. Steps away from the Olympic Park, the hotel is also at the core of Europe's largest urban shopping centre.

It's a location with immediate appeal for business and leisure travellers. Public transport links connect Stratford to the City of London and all of the attractions of London's West End in a matter of minutes.

Co-located with the new Holiday Inn London-Stratford City, this new Staybridge Suites hotel takes rooms for the brand to 422 in the UK.



Candlewood Suites®

North American-based Candlewood Suites® brand is IHG's midscale extended stay brand, where guests turn for all the comforts and conveniences of home when, for whatever reasons, home is temporarily left behind.



Region	Hotels	Rooms	Hotels in pipeline
Americas	299	28,675	78
Europe	0	0	0
AMEA	0	0	0
Greater China	0	0	0
Total	299	28,675	78

Candlewood Suites hotels' fully-equipped studios and one-bedroom suites offer more space for guests to stretch out and relax and provide independence and privacy, with on-site amenities and services always available as needed.

Higher guest satisfaction, higher returns

In 2012 we opened 12 new hotels, including the Candlewood Suites in North Little Rock, Arkansas; San Diego, California; and Fredericksburg, Virginia. Therefore we now have nearly 300 Candlewood Suites hotels in The Americas with 78 in the pipeline. As part of a multi-million dollar renovation programme with owner, Hospitality Properties Trust, 59 Candlewood Suites hotels managed by IHG were extensively renovated during 2012, with two more hotels to complete renovations in 2013.

The improvements included new kitchen and bathroom designs created in conjunction with graduate students at one of North America's top interior design schools. The theme throughout is based on the concept of a Candlewood Suites hotel as a 'haven'.

With attractive lighting, natural colour palettes, striking artwork, flatscreen televisions and storage provisions, the renovated suites, as well as the renovated lobby areas and facades, are more appealing than ever to guests who might spend weeks or even months with us.

During the year we also refreshed and modernised the brand's Comforts of Home™ Bedding Collection. This is driving satisfaction with our guests and contributing to a more comfortable, home-like stay.

With these new initiatives, we believe overall satisfaction will increase and the brand is well-positioned to achieve uplift in average daily rates and RevPAR.

Where the heart is

Great hosts have pride and passion in their premises and the service and experience they offer. At Candlewood Suites hotels, where guests may stay for months at a time, the guest experience is crucial to our success. That is why we initiated the BrandHearted Service Training programme in August 2012.

This ongoing programme provides service training to help to enable team members at every level of the hotel to bring the brand to life and consistently deliver a BrandHearted guest experience to set us apart from our competitors.

Success will be measured in terms of improvements to guest satisfaction, market share and revenue.

**Far Left**

Candlewood Suites North
Little Rock, Arkansas, US

Left

Candlewood Suites St. Joseph,
Missouri, US

Below

The new Lending Locker at
Candlewood Suites



Encouraging guests to feel free

A trust system has always prevailed at Candlewood Suites hotels.

The Candlewood Cupboard® has long been a convenient place for guests to feel free to stock up on essentials as well as treats. As an integral part of our home-like hotel, all snacks, easy to prepare meals, beverages and non-food items are available around the clock on the honour system.

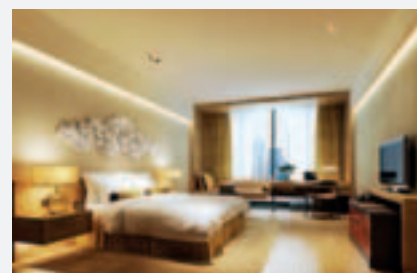
In fact our guests appreciate this notion of trust so much, it will extend into the newly launched Lending Locker. There, guests can borrow items they might use frequently at home, such as coffee grinders, rice cookers and blenders. We are gradually introducing the new Lending Locker to all of our Candlewood Suites hotels.

‘Great hosts have pride and passion in their premises and the service and experience they offer. At Candlewood Suites hotels, where guests may stay for months at a time, the guest experience is crucial to our success.’



HUALUXE™ Hotels & Resorts

IHG launched the HUALUXE™ Hotels & Resorts brand in March 2012, the first-ever upscale international brand designed specifically for Chinese guests focussing on the unique aspects of Chinese etiquette, the importance of rejuvenation, status recognition and enabling spaces that reflect local customs and heritage.



Region	Hotels	Rooms	Hotels in pipeline
Americas	0	0	0
Europe	0	0	0
AMEA	0	0	0
Greater China	0	0	15
Total	0	0	15

HUALUXE Hotels & Resorts takes the best aspects of renowned Chinese hospitality and applies IHG's international scale, powerful systems and unparalleled insights into the Chinese market to consistently deliver what consumers expect in China today.

HUALUXE Hotels & Resorts is a brand created by our team in China specifically for Chinese guests who want a brand that has international stature but yet responds to their customs, traditions and tastes.

The growth opportunity presented by HUALUXE Hotels & Resorts is both internal and external. The hotel industry is projected to have continued strong growth, with tourism officially noted as one of the strategic pillar industries in the Government's 12th five-year plan, increased urbanisation, and emerging middle class with more spending power; while outbound trips from China are projected to grow from 10 million a year to more than 100 million in the next 10 to 15 years.

IHG is the largest international hotel operator in Greater China, with more than 180 hotels across 60 cities and a further 160 hotels in our pipeline. With 15 hotels already in the pipeline, the HUALUXE Hotels & Resorts brand will not only enable us to continue to expand in China's key gateway cities, but also drive growth in secondary cities where a specifically Chinese offer is particularly appealing.

And we expect to be able to open hotels in major cities elsewhere in the world so that Chinese travellers can enjoy the HUALUXE Hotels & Resorts experience abroad.

'HUALUXE Hotels & Resorts is a brand created by our team in China specifically for Chinese guests, who want a brand that has international stature but yet responds to their customs, traditions and tastes.'

Above left
HUALUXE Hotels & Resorts
tea house, artist impression

Above right
HUALUXE Hotels & Resorts
guest room, artist impression



EVEN™ Hotels

IHG designed the EVEN™ Hotels brand to uniquely provide solutions for all aspects of both business and leisure travellers' holistic wellness needs. Our guests want to maintain their balance and well-being on the road and we're here to help them.

evenhotels.com



Region	Hotels	Rooms	Hotels in pipeline
Americas	0	0	1
Europe	0	0	0
AMEA	0	0	0
Greater China	0	0	0
Total	0	0	1

Launched in February 2012, EVEN Hotels specifically responds to extensive customer research that tells us guests are frustrated with staying in hotels that do not meet their wellness lifestyle needs. With EVEN Hotels we're not creating a new hotel segment, but rather staking our claim on the wellness space within the mainstream lifestyle category. Any hotel brand can add a yoghurt parfait to their menu, but that's far from delivering a holistic wellness experience and service culture that puts guests at ease and allows them to rest, eat, exercise and work on their own terms – which is exactly what EVEN Hotels will do.

The continued interest in wellness across industries further validates and demonstrates the need for the brand, and reinforces our confidence in launching EVEN Hotels. Initially, EVEN Hotels will open hotels in the US, but we will continue to develop the brand further over time in order to grow wherever our customer is and to reach a global market.

The brand signed its first property in October 2012. Located in the heart of midtown Manhattan, it will be a flagship property for EVEN Hotels. We expect to sign 100 EVEN Hotels in the US in the next five years in key markets including New York, Washington D.C. and San Francisco.

'EVEN Hotels specifically responds to extensive customer research that tells us guests are frustrated from staying in hotels that do not meet their wellness lifestyle needs.'

Above left

An EVEN Hotels property, artist impression

Above right

EVEN Hotels exterior, artist impression

People

The strength of our Brands relies on us having talented and passionate People. So for us to deliver on our brand promises we need to hire and inspire talented people to service our guests and bring our brands to life.



Left
Tiffany Chen,
Jennifer Howard and
Abdulla Al Rumithi

Below
More than 4,000 hotels
across the globe
participated in Celebrate
Service week



Do the right thing



Show we care



Aim higher



Celebrate difference



Work better together

At the heart of our employer
brand are our Winning Ways

Being BrandHearted

Our Vision to become one of the great companies in the world requires us to make our Brands bigger, better and stronger than ever before. This means growing our business by making our Brands the first choice for our guests and owners. Our People play a key role by delivering our brand promises day in, day out. To achieve our Vision we need to attract the very best people, harness their passion and equip them with the right skills to give our guests a truly great experience.

Our leaders are central to our success, they need to inspire their teams to put our Brands at the centre of every conversation, every idea and every decision they make. In 2012, we introduced the Leadership Framework, which is our new global approach to leadership at IHG. This makes it easy for our People to understand what great leadership looks like and what skills

and experiences they need to move to the next level in their careers. Additionally, we continue to support our leaders every day through our award-winning Leaders Lounge, a contemporary way of sharing learning with our leaders online.

An employer of choice

Becoming an employer of choice is dependent on us having a strong employer brand. This is why we invest time in supporting our owners to meet the challenge of finding, developing and retaining the very best people.

We offer People Tools to our hotels. These are a suite of practical tools to help hotels hire, train, involve and recognise their employees. So far 96 per cent of our General Managers using them would recommend them to others. We believe this is a point of differentiation compared to our competitors.

As well as continuing to drive awareness around our People Tools, we have also worked to make it easier for hotels to access them. In 2012, we launched Hotel Solutions which provides hotels with a single gateway to access the full suite of People Tools. Hotel Solutions also encourages collaboration. Through our System we are able to harness the collective knowledge across all of our hotels around the world, another example of us leveraging our System size for the benefit of our hotels. Since its launch, 71 per cent of hotels have been using it regularly, with General Managers saving an estimated three to four hours each month on administrative tasks. Hotels using Hotel Solutions have also seen improvements in guest satisfaction scores.

We are very proud of the external recognition we receive across the globe as an employer of choice. For example, in



“Our People are the difference. They bring our Brands to life. That’s why we place so much focus and effort on ensuring they feel truly respected and valued. We know that when our People feel loved they love our guests and our owners see the impact on business results.”

Tracy Robbins

Executive Vice President,
Human Resources and Group Operations Support



2012, we featured in The Sunday Times 25 Best Big Companies to Work For; received recognition for our employer brand at the Personnel Today Awards 2012; were recognised as one of India’s Best Companies to Work For; won two awards recognising our graduate development programmes; and were recognised as being one of the 100 Best Human Resource Management Companies in China.

Employee engagement

When we listen to our People and respond to their needs we drive better business results. This was proven in a recent study we commissioned that examined the link between employee engagement and hotel performance. The study found the difference in gross operating profit margin between hotels with highly engaged people compared to those with lower engagement to be as much as seven percentage points. It also showed that when we compared hotels where engagement had increased, against those where it had not, we found that for every five percentage point increase in engagement, there was, on average, 70 cents of increased RevPAR. That means for a 200-bed hotel, the RevPAR increase could generate an additional \$50,000 of revenue per annum.

96 per cent of employees (those directly employed by IHG and those working in our managed hotels) took part in our 2012 employee engagement survey. The results were impressive with 94 per cent of respondents saying they are proud to work for IHG – which is 20 per cent higher than industry benchmarks. Our engagement scores continue to improve year-on-year and we have seen an 18 percentage point increase across the Group in the last five years.

Employee recognition

Recognising achievement is an important driver of employee engagement for us and that’s why every year, through Celebrate Service week, we recognise our colleagues for the great work they do to give our guests an enjoyable stay. The week, which was instigated by and run in partnership with the IHG Owners Association, this year saw more than 4,000 hotels participating.

In 2012 we launched Bravo!, an online peer-to-peer recognition tool that gives our colleagues the means to publicly recognise each other’s work and efforts. We pride ourselves on our ability to recognise great BrandHearted behaviour internally. To date more than 25,000 Bravos! have been sent, proving our People really value the opportunity to be able to give and receive recognition from their peers.

Looking ahead

To meet our growth targets and expand in emerging markets, in the next few years, we need to find an additional 90,000 BrandHearted colleagues – people who can live and breathe our Brands, with the right personality to delight our guests.

Perhaps one of the biggest recruitment challenges we face is how we leverage the strength of our global employer brand while being sensitive to the local markets in which our hotels operate. In Greater China, we have created a new recruitment site in Mandarin and have launched career pages on social networking platforms such as Weibo and Renren (the number one social media platform amongst college students in Greater China).

As further explained on page 35, as part of our Responsible Business practices, we continue to have a positive impact on the communities we serve through our IHG Academy programme. This provides local people with the opportunity to build and develop their skills and improve their employment prospects. With over 150 IHG Academy programmes in 37 countries around the world, it will help us create a pipeline of potential recruits and future talent.

One of the most important roles for driving the success of our business is our hotel General Managers. This is why we are launching our new General Manager Training programme – designed to shift our mindset away from simply creating great hotel managers to developing great Brand managers. To have preferred Brands, we need the best General Managers in the industry. Therefore, we have invested heavily in our approach to hiring, training and developing them. This has been the focus of our shared agenda with the IHG Owners Association and we are proud to have worked with them to develop this programme, which will be rolled-out initially to new Holiday Inn and Holiday Inn Express General Managers from the first quarter of 2013.

We are also further strengthening IHG’s performance culture in our corporate offices by better linking IHG’s performance targets and reward. Starting with our senior leaders, we have amended the performance measures under our annual incentive plan to align it more closely to our strategic priorities of Brands, People and Delivery.

At IHG, it is our People that delight our guests and in turn keep our brand promises and help to build preference for our Brands. In 2013, we will continue to build capability to hire the very best people and equip them to give their best every day. This is an exciting time to be at IHG as we commit to become one of the great companies in the world.

Delivery

IHG has a powerful system of tools and programmes, including our brand websites, mobile applications, call centres around the world, award-winning loyalty programme and revenue management and sales processes. All of these are designed to drive growth and profitable revenue into our hotels.



“Technology is playing an even greater role in differentiating our business and our Brands, providing best-in-class products and services to our guests, no matter how and where they shop. As consumers become more connected and socially engaged in the digital world, IHG has recognised technology as a key enabler in delivering on our brand promise.”

Eric Pearson

Executive Vice President and
Chief Information Officer

Driving profitable revenue

When a hotel joins IHG, it connects to a powerful system of revenue platforms, programmes and tools designed to achieve a single outcome: driving profitable revenue.

Profitable revenue creates a stronger margin and greater returns for our owners.

IHG’s powerful revenue systems generate 69 per cent of rooms revenues direct to our hotels globally. And all of this sits on a strong technology foundation that helps IHG succeed in creating preferred Brands, driving revenue and enhancing owner returns. Our system includes our global business-to-business sales programmes, online marketing strategies, reservations channels, direct to consumer marketing campaigns, revenue management tools and strong loyalty programme. We deploy these systems and platforms to better manage every step of the guest experience.

Attracting travellers to our brands

A key part of our demand strategy includes our sales teams, who are cultivating those important business to business relationships that drive awareness, trial and usage of our brands among some of the highest volume guests. Our goal? We want these companies to choose our Brands every time they travel. And we’re seeing success. In 2012, our sales teams managed more than 2,000 accounts globally, driving almost \$5 billion in total hotel revenue, up 12 per cent compared to 2011.

The online experience has been expanding exponentially, and IHG is at the forefront. With a strong focus on search engines, we manage more than eight million keywords in multiple languages to direct travellers to our brands when they research an upcoming trip. Our online marketing programmes generated more than \$1.4 billion in total hotel revenue in 2012.

Add to this the results from our powerful search engine optimisation strategy, which drove more than 26 per cent of the total traffic to our websites in 2012, and you can see that we are a major player online.

Our mobile strategy has also been very successful. In just three years, our revenues from mobile devices have grown from \$2.4 million in 2009 to more than \$330 million in 2012, helping to lead the way in which guests book.

We have the resources and systems to do what no one hotel could do on its own. With a sophisticated database and analytical marketing approach, we offer targeted campaigns based on guest preferences, marketing to the right guest at the right time, with the right message to drive them to book an IHG hotel.

Turning online shoppers into buyers

Once we attract guests with our sales and marketing efforts, we compel them to book. Today’s online shopping experience offers many ways to book and consumers are comparing and shopping like never before, so we have clear strategies to convert more shoppers into buyers through our direct channels.



“Our mission is to drive incremental, profitable revenues to our hotels so that our Brands outperform the industry and our owners achieve higher returns.”

Steven Sickel

Interim Global Head of Sales and Distribution



To pique culinary interests, we created an iPad app showcasing a collection of recommended recipes from top InterContinental Hotels & Resorts chefs

We offer content-rich brand websites that experienced more than 227 million visits in 2012 and generated nearly \$3.4 billion in total hotel revenue.

We work together with our hotels to ensure that we have the best offers and content on our websites to give the right information needed to our guests to complete their booking. We have underscored the value of our brand websites with the launch of our Guest Ratings and Reviews tool on our websites, an integration of traveller reviews, which give guests additional information to make the hotel choice that is right for them.

And to ensure that we are taking every opportunity to convert consumers online, in 2012 IHG became a founding partner in roomkey.com, an innovative new hotel search engine that offers travellers comprehensive information and a simplified search experience created by six of the world's leading hoteliers. This is an additional shop window for our hotels, making it easier for customers to book.

When our customers prefer to speak with someone, our 10 call centres around the world are staffed with trained reservations agents ready to respond to calls, emails and chats. In 2012, our global call centres answered more than 23 million inbound contacts and drove more than \$1.9 billion in total hotel revenue to our hotels.

The right room at the right price

With over 157 million guest nights in IHG hotels each year, it is essential for us to price our hotels effectively to maximise owners' returns.

That's why we have developed our 'Price Optimization' tool, which supports hotels to make the best pricing decisions based on a variety of sophisticated algorithms that consider historical demand patterns, competitive pricing and forward economic indicators.

Additionally, in 2012 we created and piloted pricing and revenue management tools to support hotels across other pieces of their business including meetings and food and beverage.

Keep guests coming back

At IHG, loyalty is led by our award-winning Priority Club® Rewards programme, which cultivates our guests into loyal, repeat customers and advocates of our brands. Our loyal customers are our most profitable customers – they stay more frequently with IHG hotels, book their stays via lower-cost reservation channels and engage in positive social conversation about our brands and hotels.

Priority Club Rewards is an award-winning programme offering our members a vast array of point redemption opportunities. This customer value proposition has translated into strong customer attraction

and engagement. Membership in our Priority Club Rewards programme grew to more than 71 million – up 13 per cent over 2011. And Priority Club Rewards continues to be heralded as 'best' by industry advocates being named Global Traveler magazine's Best Hotel Rewards Program in 2012 for the eighth consecutive year and winning Premier Traveler magazine's inaugural award for Best Hotel Loyalty Program.

Technology with a purpose

IHG has been a leader in pioneering technology that enables our business to interact more effectively, more often and in more ways with our customers. We focus on innovation that allows us to leverage technology to deliver a superior guest experience while enhancing owner returns.

Responsible Business

With over 4,600 hotels in nearly 100 countries and territories around the world, our commitment to being a Responsible Business is central to our Vision of being one of the great companies in the world. Our People understand how important it is to champion and protect the trusted reputation of IHG and its brands and this is embedded in our culture.

Tourism plays a large role in the world economy and is an important source of wealth for many countries, but we must acknowledge that our industry, like many others, faces increasing pressure to balance its economic performance with its social and environmental impacts. That is why, for us, Responsible Business underpins each of our three strategic priorities of preferred Brands, talented People and best-in-class Delivery, which work together to determine 'How we win' to create Great Hotels Guests Love.

We believe that being a Responsible Business is necessary to enable us to stay ahead of the competition and grow, creating value for all of our shareholders and stakeholders in the long-term.

Amongst other things, it offers us a huge opportunity to innovate, create employment, empower people to perform at their best and feel good about what they do and drive value for our business.

Governance and leadership

Our Chairman and the Board provide strong leadership and promote a Responsible Business culture, by maintaining high standards in corporate governance, corporate responsibility (CR) and internal control and risk management. Supporting them is a range of Board Committees and a team of lawyers, compliance specialists, chartered secretaries, internal auditors and risk managers. The team, deliberately named Business Reputation and Responsibility, continually work to monitor changes to legal, regulatory compliance and CR concepts and implement the Board's internal controls and policies to ensure that we, as a business, remain excellent at being responsible.

Brands

Our Brands offer a promise and integral to this is trust. Trusted brands deliver a superior and consistent brand experience

and to achieve this, we require a clear brand framework. Brand standards are the foundations of a clear brand framework for all our hotels and our compliance teams ensure that our hotels deliver in accordance with our brand standards. Our brand safety standards are also designed to assist hotels in providing a safe and secure environment for our guests and employees. Dealing with risks ranging from fire and food hygiene to terrorism, our brand safety standards have been recognised as best-in-class. Our team of risk managers is dedicated to providing training and monitoring the implementation of our safety standards for safe and secure hotels.

People

At the core of being a Responsible Business is ensuring that the actions of all of our employees working at our corporate offices and hotels maintain our trusted reputation. Operating an ethical business is vital to maintaining and protecting this trusted reputation and therefore we continually keep under review our internal policies, including our Code of Ethics and Business Conduct, Competition, Data Privacy and Anti-Bribery policies. These are regularly communicated via eLearning and face-to-face training modules promoting accountability and transparency.

Delivery

Having in place an effective system of internal controls and risk management is essential to being a Responsible Business. In making key business decisions the Board, Executive Committee and Audit Committee work together to identify, assess, prioritise and mitigate risks, including strategic and operational risks. Such Committees rely heavily on our dynamic risk assessment and assurance mapping process and highly consistent internal audit methodology to provide an appropriate level of assurance for all

stakeholders. Safety and security is an absolute requirement for any guest staying at our hotels. Our award-winning risk management, safety and security training courses, toolkits and materials, such as our Crisis and Incident Handling programmes, enable us to work together to create safe and secure environments at all of our hotels and corporate offices. These tools, processes and procedures ensure a business based on a solid foundation with a commitment to doing the right thing for the benefit of all our stakeholders.

Corporate Responsibility (CR)

A big part of Responsible Business is how IHG and our hotels act in our local communities and how we manage our environmental impact, what we call CR. We treat it as a strategic business issue and therefore believe CR only makes sense if it aligns to our Vision. We also believe that incorporating societal and environmental factors into our business strategy and operations will play a vital role in the long-term, both for our business and the travel and tourism sector. For that reason we aim to harness the role hotels play in society to create shared value for our business, our guests and the communities where we operate.

We believe we can make tourism responsible by concentrating our CR activities in two areas, the environment and the local community, where we can make the most difference. We aim to make a difference through our three core CR programmes: Green Engage, IHG Academy and the IHG Shelter in a Storm Programme. These programmes have been designed so that they can be implemented in any of our hotels and corporate offices in any region.



“Being a Responsible Business will enable us to stay ahead of the competition and grow, creating value for all of our shareholders and stakeholders in the long-term. That’s why Responsible Business underpins Brands, People and Delivery.”

George Turner

Executive Vice President,
General Counsel and Company Secretary



Green Engage

The environmental impact of our hotels is managed through every stage of the hotel’s lifecycle by Green Engage, our online sustainability management platform. Green Engage provides hotel operators with advice on everything from picking the most appropriate site and selecting the most energy efficient lighting for the hotel through to choosing responsible cleaning materials and providing employee training on environmental sustainability. Use of Green Engage can save up to 25 per cent of energy usage and is truly beneficial for our hotels, guests and the environment.

Green Engage helps us track, manage and reduce the use of energy, carbon and water and the management of waste in our properties. Green Engage helps us fulfil our commitment to do business responsibly and, in turn, this stops hotels losing money on energy costs. Energy is the second biggest cost to hotels – the average IHG hotel spends over \$500,000 on energy usage each year. Conducting business responsibly also boosts sales as Green Engage helps our hotels attract guests and corporate accounts who increasingly want a greener hotel stay.

Ultimately, we aim to create new and better ways to design, build and run our hotels. Over 2,260 hotels now use Green Engage and our aim is to have our entire estate tracking, managing and reporting its environmental impact over time.



IHG Academy

The IHG Academy is a collaboration between individual IHG hotels or corporate offices and local education providers and/or community organisations providing local people with the opportunity to develop skills and improve their employment prospects.

Within a consistent global framework each IHG Academy is unique and tailored to meet the needs of local communities and hotels around the world. All IHG Academy programmes have three things in common:

- they operate together with local community organisations and/or education providers;
- they include a work experience placement, giving participants skills and real experience of working in a hotel; and
- they include performance feedback and a recruitment discussion, giving participants an opportunity to gain real experience of the job interview process, thereby improving their chances of finding a job in the hotel sector and in many cases, securing a job in an IHG hotel.

Participants who go through the IHG Academy come from all walks of life and range from university graduates through to disadvantaged young people, reflecting the range of careers, as well as opportunity for progression, available at IHG.

Currently we have more than 150 IHG Academy programmes in 37 countries around the world, with the 150th opening recently celebrated in Beijing, China in January 2013. Our IHG Academy in Newham, East London, established in 2012, supports the legacy of the London 2012 Olympic and Paralympic Games. Our ability to build skills and raise aspirations across hundreds of communities through this programme will continue to drive our commitment to the IHG Academy and help us transform hospitality for more sustainable communities and better lives.



www.ihgacademy.com



IHG Shelter in a Storm Programme

Through the IHG Shelter in a Storm Programme our hotels receive guidance on when and how best to respond when natural or man-made disasters occur. Our global partnership with CARE allows us to draw on expertise in humanitarian assistance and helps us find appropriate partners in the area when disaster strikes, directing help to where it is needed. When a disaster occurs, funds from the IHG Shelter Fund can be allocated to enable our hotels to respond quickly and effectively to support our guests, employees and the local community with financial support, vital supplies and accommodation.

The IHG Shelter Fund, a pool of funds collated from fundraising from hotels and corporate offices throughout the year, is a key element of the IHG Shelter in a Storm Programme, enabling us to respond quickly when disaster strikes, instead of waiting to raise funds after the event. In 2012, \$545,000 was raised for the IHG Shelter in a Storm Programme.

During 2012, the fund was put into action to support 10 disasters across six countries, including in response to severe flooding and a cyclone in Fiji, Superstorm Sandy on the US East Coast, flooding in Manila and the UK, wildfires in Colorado and Hurricane Isaac on the US Gulf Coast. On each occasion we assessed the damage to the IHG hotels and the impact on their employees and communities, and allocated funds from the IHG Shelter Fund to help those affected.



www.ihgshelterinastorm.com

Responsible Business continued



Left
InterContinental Resort Aqaba takes part in Responsible Business week 2012

Below
IHG Academy launch in Newham, East London. Attended by the UK Deputy Prime Minister, Nick Clegg, and Richard Solomons, Chief Executive



Above
Celebrating the 150th IHG Academy opening, Beijing, China

Stakeholder engagement

Our stakeholders play a key role in helping us identify and tackle our priorities, and our strategy is to create shared value for our business and stakeholder groups. We engage with all our stakeholders, including shareholders, through a variety of channels, including forums, meetings, individual interviews, surveys, reports and conferences. For detailed information on our approach to CR and our key programmes, our online Corporate Responsibility Report can be viewed at:

www.ihgplc.com/responsibility

Our newest channel, the 'IHG Planet CR' Facebook page, has quickly grown to a community of over 20,000 fans and provides a channel for us to raise awareness of our CR programmes daily and actively engage in a two-way dialogue with our stakeholders.

www.facebook.com/IHGCorporateResponsibility



External recognition

In 2012, we were:

- awarded the Best Risk Training Programme by the StrategicRisk Management Awards 2012 for our risk management programme;
- awarded the Bronze award at the 2012 Training Journal Awards for the Best Use of Technology in Learning;
- named as one of the top 10 Innovative Legal Departments by InsideCounsel magazine in the US;
- awarded Silver Award in the Best Law Department category at the International General Counsels Awards;
- awarded the Global Business Travel Association Gold Medal Award for Sustainability;
- awarded the Hotel Owners' and Franchisees' Transatlantic and European League Owner Friendly Innovation Award for Green Engage, recognition that the programme is of value to our hotel owners; and
- shortlisted for the World Environment Centre Award for Sustainability, making it to the final round with Green Engage commended.

Where we compete

We operate 4,602 hotels and 675,982 rooms in nearly 100 countries and territories around the world. Our business reflects the profile of our major markets and is structured into four operating regions: The Americas; Europe; Asia, Middle East and Africa; and Greater China.



View from Hotel Indigo Shanghai on the Bund, China

The Americas



"In 2013, IHG launched the EVEN Hotels brand in the US, within a month of launching HUALUXE – an entirely different hotel brand in an entirely different market. This tells you something about our ambition as a company and the ability of our People to deliver."

Kirk Kinsell

President, The Americas

The Americas accounts for more than a third of global hotel spending and represents two-thirds of IHG's hotel rooms. Over the next decade, The Americas will continue to be a significant growth market for the hotel industry and we are a key player.



Performance highlights

Revenue per available room (RevPAR) up 6.1%

Revenue up 0.8% to \$837m⁺

Operating profit* up 7.8% to \$486m⁺

⁺ Includes one significant liquidated damages receipt in 2012 of \$3m.

* Before exceptional items.

Number of rooms by business model

Franchised 407,849

Managed 39,583

Owned & leased 2,185

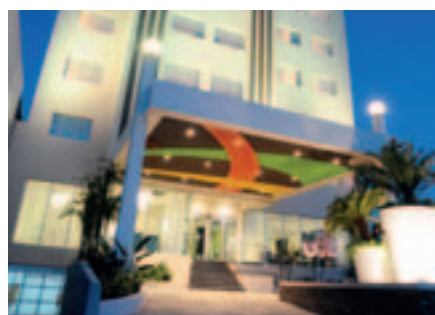
Room and hotel numbers

Total rooms open 449,617

Rooms in pipeline 72,573

Total hotels open 3,555

Hotels in pipeline 670



Hotel Indigo Veracruz Boca Del Rio, Mexico

A vital region

This year we have opened 148 hotels in The Americas region and increased our RevPAR by 6.1 per cent with the US outperforming the industry. The US alone accounts for more than a quarter of global hotel spending and over the next decade, will continue to be a significant growth market for IHG.

EVEN™ Hotels

In February, we launched our new EVEN Hotels brand and in October, we signed the first hotel under the brand – a new build in New York City.

It is the first hotel brand in the lifestyle space that is mainstream and aimed at helping healthy-minded guests stay balanced while travelling. As the wellness sector continues to grow, so too does the need for the brand.

Extended stay

Extended stay hotels are a big segment in North America – where we opened 22 new hotels. Hospitality Properties Trust, an owner, committed \$165 million to renovate 80 Staybridge Suites and Candlewood Suites hotels with design and functionality improvements.

Focussed expansion

IHG is the largest hotel company in Mexico, with 121 hotels and 38 in the pipeline. This year we opened the Presidente InterContinental Santa Fe Mexico and the Hotel Indigo brand's only property in Mexico – Hotel Indigo Veracruz

Boca del Rio. We remain a preferred employer in Canada where our robust pipeline of 33 hotels will create even more need for top talent.

With the growth of the middle class throughout the region, we have also seen active development in Latin America and the Caribbean across the Holiday Inn family of brands with openings or signings in Brazil, Colombia and Grand Cayman.

Army hotels

Our Army hotels portfolio continues to take shape as part of the US government's Privatization of Army Lodgings initiative. Former Army-run properties in the US and Puerto Rico were renovated during the year.

The number of hotels will continue to grow in 2013, reaching about 80 hotels and 12,000 rooms on Army installations.

IHG Shelter in a Storm Programme

When Hurricane Sandy devastated the East Coast in October, we partnered with the IHG Owners Association to raise money through employees, owners and Priority Club Rewards members and donations went to the IHG Shelter Fund (part of the IHG Shelter in a Storm Programme). Over \$100,000 was allocated from the IHG Shelter Fund to provide temporary shelter and emergency supplies to affected employees and the community.

Europe

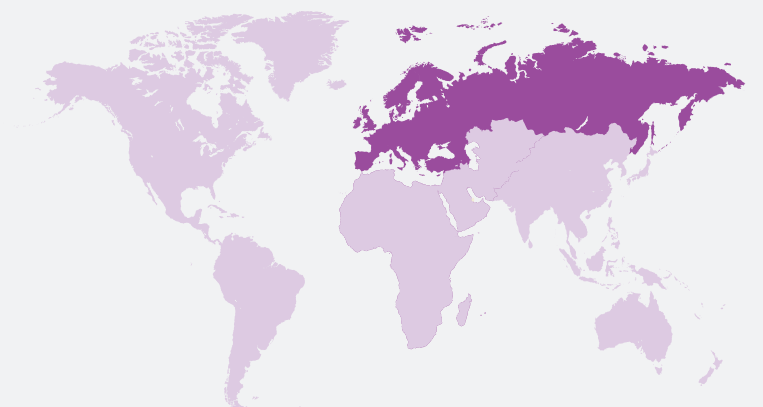


"IHG is winning in Europe. My definition of winning is to be the preferred choice for guests, the preferred choice for investors, and the preferred choice for our employees."

Angela Brav

Chief Executive, Europe

Our strategy in Europe is to achieve high-quality growth by focussing on key cities across Europe, and building national scale in priority markets. In these markets, we want to be in a leadership position.



Performance highlights

Revenue per available room (RevPAR) up 1.7%

Revenue up 7.7% to \$436m

Operating profit* up 10.6% to \$115m

* Before exceptional items.

Number of rooms by business model

Franchised 79,899

Managed 21,211

Owned & leased 917

Room and hotel numbers

Total rooms open 102,027

Rooms in pipeline 15,184

Total hotels open 628

Hotels in pipeline 91



Olympic and Paralympic marathon stars Paula Radcliffe and Shelly Woods host a training session for Holiday Inn guests as part of the London 2012 sponsorship programme

2012 has been an excellent year for Europe in spite of the tough macroeconomic climate. We opened 39 hotels and signed another 48.

Priority markets

The UK continues to be our biggest market where we exceeded the number of signings from last year and also opened our first new InterContinental Hotel in London for over 36 years – InterContinental London-Westminster.

In Germany, where our strategy for development has focussed on partnering with owners who can unlock multiple deals, we signed seven individual hotel deals and one new multiple development agreement.

In addition to the larger, scale markets, we are actively growing in Russia and the Commonwealth of Independent States (CIS). Our extensive local research has highlighted a significant opportunity in the midscale segment and amongst business travellers. This is a need that Holiday Inn and Holiday Inn Express are perfectly set up to meet.

Our long-term goal is to grow our estate in Russia and the CIS to over 100 hotels. Some of the highlights in 2012 were the launch of a Russian language website and the opening of an IHG Academy in Moscow to support the training and development of local talent.

Hotel Indigo

We continue to drive excellent progress with our branded boutique offer, Hotel Indigo. The neighbourhood story concept at the heart of the brand fits well into European cities, which can also provide ample properties for conversion. Since introducing the brand to Europe in 2008, we've opened 10 hotels, eight in the UK and two in Germany, and there are now 13 in the pipeline. These include the recent signing of Hotel Indigo Barcelona-Plaza Catalunya and our first Hotel Indigo property in Israel, which will open in Tel Aviv in 2013.

Olympic sponsorship

Holiday Inn was the official hotel provider to the London 2012 Olympic and Paralympic Games, and helped host athletes at the Olympic Village, something from which all of IHG drew enormous pride.

Part of the legacy of the Games are the two new IHG hotels near to the Olympic site – Holiday Inn London-Stratford City and Staybridge Suites London-Stratford City, London's first Staybridge Suites property. These created 120 permanent jobs, and are also supporting a new IHG Academy in the local borough of Newham that will train around 50 participants a year.

Asia, Middle East and Africa (AMEA)

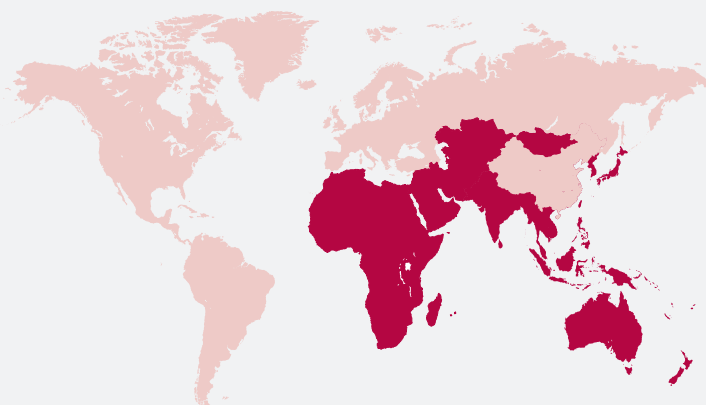


“AMEA has some of the world’s most compelling travel destinations, robust business hubs and an incredible energy that comes from our geographical and cultural diversity. We have a great opportunity for AMEA to lead IHG in resorts and food and beverage excellence.”

Jan Smits

Chief Executive Officer, Asia, Middle East and Africa

We are growing our Brands and our People in an exciting region. Strong economies, growing incomes and the rapid rise of the middle class are some of the long-term factors underpinning the success of AMEA.



Performance highlights

Revenue per available room (RevPAR) up 4.9%

Revenue up 0.9% to \$218m

Operating profit* up 4.8% to \$88m

* Before exceptional items.

Number of rooms by business model

Franchised 10,860

Managed 51,290

Owned & leased 587

Room and hotel numbers

Total rooms open 62,737

Rooms in pipeline 30,357

Total hotels open 232

Hotels in pipeline 132



InterContinental Samui Baan Taling Ngam Resort, Thailand

We ended the year strongly with RevPAR growth of 4.9 per cent and an active pipeline of 132 hotels with 36 new signings in 2012. We also exceeded our target for the IHG Academy programme, with 59 IHG Academy programmes across the region ready to provide skills development and improve employment prospects.

Seizing opportunities

AMEA is IHG’s most geographically diverse region. We operate 232 hotels in over 37 countries, covering a mix of mature and emerging markets, resorts and urban locations.

The region is also home to some of the most important tourism markets of the future. India is one such market, with 850 million domestic trips made annually, and rapidly increasing inbound and outbound numbers.

In 2012, we opened the first Holiday Inn Express in India, to meet the untapped demand for a trusted global brand that caters to the mid-market segment. We also launched Holiday Inn Express in Southeast Asia to positive owner and industry feedback. We now have 35 Holiday Inn Express hotels under development, which represents a quarter of the region’s current pipeline.

Winning in resorts

This year we opened several brand-defining resorts, including InterContinental Danang Sun Peninsula Resort in Vietnam, InterContinental Samui Baan Taling Ngam Resort in Thailand and the Crowne Plaza Jordan Dead Sea Resort & Spa in Jordan.

Some of these new resorts have already received great industry and guest recognition – a strong indication of the ‘halo effect’ a resort can bring to a brand.

Given there is no clear leader in this sought-after but fragmented segment, we have an incredible opportunity, particularly for InterContinental Hotels & Resorts and Holiday Inn. In 2012, we established a dedicated team in Bangkok to develop IHG’s resorts strategy. Our goal is to become the region’s preferred resorts operator. Global management of the InterContinental Hotels & Resorts brand has also moved to Bangkok. With more than a third of the InterContinental Hotels & Resorts pipeline in AMEA, it gives our owners confidence to see the brand leadership based in the region.

Winning in food and beverage

Around \$1.5 billion, 35 per cent, of AMEA’s gross revenue in 2012 was from our food and beverage operations, representing the largest amount of any region within IHG. With more than 700 restaurants and bars in AMEA, food and beverage is a sizeable business that can define and drive preference for our Brands even further.

Food and beverage is another strand of IHG’s global strategy being developed in AMEA along with global resorts. This will establish the needs for each IHG brand globally and develop specific career paths for our People.

Greater China

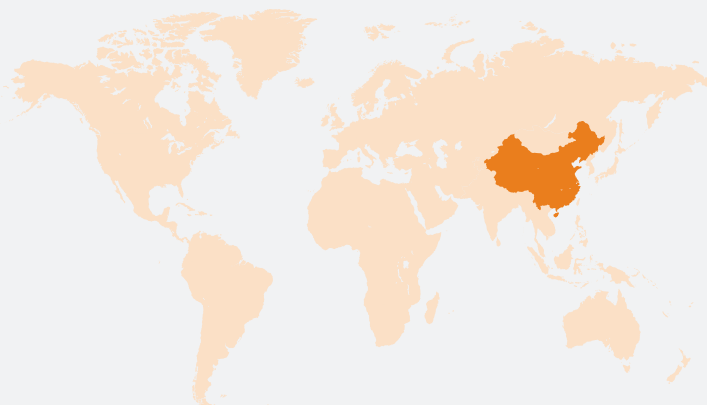


"It has been a great year for IHG in China. We are the largest international hotel operator in Greater China with more rooms under development than any competitor. Our RevPAR continues to outperform the market due to the strength of our systems and preference for our Brands."

Keith Barr

Chief Executive, Greater China

Greater China has been a standalone business within IHG for the past three years. In that time we have successfully focused on strengthening our Brands, driving strong operating results and implementing a robust People strategy.



Performance highlights

Revenue per available room (RevPAR) up 5.4%

Revenue up 12.2% to \$230m

Operating profit* up 20.9% to \$81m

* Before exceptional items.

Number of rooms by business model

Franchised 2,184

Managed 58,914

Owned & leased 503

Room and hotel numbers

Total rooms open 61,601

Rooms in pipeline 50,916

Total hotels open 187

Hotels in pipeline 160



Crowne Plaza Hong Kong Kowloon East

Strong RevPAR growth

Overall in 2012 RevPAR increased by 5.4 per cent including rate growth of 3.1 per cent. While some explainable slowdown was seen this year, we're still outperforming the market in the region with more than 180 hotels across 60 cities.

Launch of HUALUXE™ Hotels & Resorts

In March 2012, we launched HUALUXE Hotels & Resorts – the first international upscale hotel brand designed specifically for Chinese guests.

No other international hotel group has an offer like HUALUXE Hotels & Resorts, and even successful local brands are not able to provide the scale or support of IHG. We signed 15 contracts for the brand in 2012.

This unique brand could be in more than 100 Chinese cities over the next 15-20 years.

Continued growth

Crowne Plaza is one of the fastest growing IHG brands in Greater China. It is also the region's largest upscale international hotel brand. We opened eight new Crowne Plaza hotels this year, and now have 60, with 52 hotels in the pipeline, which is more than half of the brand's entire global pipeline.

We also opened our second and third Hotel Indigo properties – in the coastal city of Xiamen and in Tianjin, the commercial hub of North China.

By the end of 2012, we had more than 110,000 rooms open or in the pipeline – an increase of 7.2 per cent over the previous year.

Investing in People

We currently have more than 50,000 employees across our estate, almost all of them Chinese, and will be creating around 30,000 new jobs over the next few years. This will require significant investment in developing our People, as the single biggest operational challenge in China is obtaining the best talent.

But with 25 IHG Academy programmes in Greater China, our collaboration with local education providers and/or community organisations will give participants the opportunity to develop skills and improve their employment prospects, creating a pipeline of potential recruits and future talent for IHG and the industry.

Summary Financial Statement

2012 was another year of significant progress with our preferred Brands driving RevPAR growth of 5.2% which, together with a 2.7% increase in hotel room count, fuelled by our continued expansion in developing markets, drove fees up an impressive 6.8%. As a result, we delivered 10% growth in operating profit before exceptional items and achieved a two percentage point increase in operating margin over last year.

Group results

Revenue increased by 3.8% to \$1,835m and operating profit before exceptional items increased by 9.8% to \$614m during the 12 months ended 31 December 2012.

Fee revenue, being Group revenue excluding revenue from owned and leased hotels, significant liquidated damages received in 2012 and 2011 and properties that are structured for legal reasons as operating leases, but with the same characteristics as management contracts, increased by 6.8% when translated at constant currency and applying 2011 exchange rates.

The 2012 results reflect continued RevPAR growth in each of the regions, with an overall RevPAR increase of 5.2%, including a 3.2% increase in average daily rate. The results also benefited from System size growth of 2.7% year-on-year to 675,982 rooms. Group RevPAR growth remained robust for the year, reflecting favourable supply and demand dynamics in the US over 2012, although trading was also affected by the impact of Eurozone uncertainty as well as industry-wide challenges in Greater China in the latter part of the year related to the political leadership change.

At constant currency, central overheads increased from \$147m to \$158m in 2012 (\$156m at actual currency), reflecting investment in infrastructure and capabilities to support the growth of the business.

During 2012, the IHG global System increased by 122 hotels (17,634 rooms). Openings of 226 hotels (33,922 rooms) were driven by continued expansion in the US, particularly within the Holiday Inn brand family which opened more than 11,000 rooms during 2012, and Greater China. The level of hotel removals fell from 198 hotels (33,078 rooms) in 2011 to 104 hotels (16,288 rooms) in 2012, as anticipated following the completion of the Holiday Inn relaunch.

At the end of 2012, the pipeline totalled 1,053 hotels (169,030 rooms). The continued global demand for IHG brands is demonstrated by over 50% of pipeline rooms being outside of The Americas region, including 30% in Greater China.

Excluding 25 hotels (4,796 rooms) signed as part of the US government's Privatization of Army Lodgings initiative in 2011, signings increased from 331 hotels (50,628 rooms) to 356 hotels (53,812 rooms). Signings during 2012 included 15 hotels for the HUALUXE Hotels & Resorts brand, as well as the first signing for the EVEN Hotels brand.

During 2012, the opening of 33,922 rooms contributed to a net pipeline decline of 11,454 rooms. Active management out of the pipeline of deals that have become dormant or no longer viable reduced the pipeline by 31,344 rooms, representing a decrease of 11.8% over 2011.

Americas results

Revenue and operating profit before exceptional items increased by \$7m (0.8%) to \$837m and by \$35m (7.8%) to \$486m respectively. RevPAR increased by 6.1%, with 4.1% growth in average daily rate. US RevPAR was up 6.3% in 2012 despite uncertainty regarding the presidential election and the 'fiscal cliff' in the latter part of the year.

Franchised revenue increased by \$39m (7.8%) to \$541m. Royalties growth of 8.7% was driven by RevPAR growth of 6.0%, including 6.1% for Holiday Inn Express, together with System size growth of 2.3%. Operating profit increased by \$35m (8.1%) to \$466m.

Managed revenue decreased by \$27m (21.8%) to \$97m and operating profit decreased by \$4m (7.7%) to \$48m. Revenue and operating profit included \$34m (2011 \$59m) and \$nil (2011 \$1m) respectively from managed leases. Excluding properties operated under this

arrangement, as well as the benefit of a \$3m liquidated damages receipt in 2012 and a \$10m liquidated damages receipt in 2011, revenue and operating profit grew by \$5m (9.1%) and \$4m (9.8%) respectively. Growth was driven by a RevPAR increase of 7.3%, including 9.6% for Holiday Inn.

Owned and leased revenue declined by \$5m (2.5%) to \$199m and operating profit grew by \$7m (41.2%) to \$24m. Excluding the impact of disposals, revenue increased by \$4m (2.1%) and operating profit increased by \$8m (50.0%). The increase in revenue was driven by RevPAR growth of 6.3%, offset by the impact of the partial closure of an owned hotel in the Caribbean. The operating profit increase of \$7m included a \$1m year-on-year benefit from lower depreciation recorded for the InterContinental New York Barclay since the hotel was categorised as held for sale in the first quarter of 2011, after which no depreciation was charged, and a \$3m year-on-year benefit relating to one-off reorganisation costs at one hotel in 2011.

Europe results

Revenue and operating profit before exceptional items increased by \$31m (7.7%) to \$436m and by \$11m (10.6%) to \$115m respectively. RevPAR increased by 1.7%, with 1.2% growth in average daily rate despite challenging economic conditions across Europe.

Franchised revenue increased by \$5m (5.8%) to \$91m, whilst operating profit was flat at \$65m. At constant currency, revenue increased by \$8m (9.3%) and operating profit increased by \$3m (4.6%). Growth was mainly driven by an increase in royalties of 2.7% (7.5% at constant currency) reflecting RevPAR growth of 1.8%, together with System size growth of 4.0%.

Managed revenue increased by \$29m to \$147m (24.6%) and operating profit increased by \$6m (23.1%) to \$32m.

Revenue and operating profit included \$80m (2011 \$46m) and \$2m (2011 \$nil) respectively from managed leases. Excluding properties operated under this arrangement and on a constant currency basis, revenue decreased by \$1m (1.4%) reflecting a 4.3% decrease in System size partially offset by RevPAR growth of 1.0%. On the same basis, operating profit grew by \$5m (19.2%).

In the owned and leased estate, revenue decreased by \$3m (1.5%) to \$198m and operating profit increased by \$1m (2.0%) to \$50m. At constant currency and excluding the impact of disposals, revenue increased by \$10m (5.1%) and operating profit increased by \$4m (8.3%). The InterContinental London Park Lane and the InterContinental Paris Le Grand delivered year-on-year RevPAR growth of 8.0% and 2.5% respectively.

AMEA results

Revenue and operating profit before exceptional items increased by \$2m (0.9%) to \$218m and by \$4m (4.8%) to \$88m respectively. RevPAR increased 4.9%, with 1.2% growth in average daily rate, with robust trading in Southeast Asia and Japan, partly offset by continuing uncertainty impacting some markets in the Middle East.

On both a constant and actual currency basis, franchised revenue decreased by \$1m (5.3%) to \$18m and operating profit was flat at \$12m.

Managed revenue and operating profit increased by \$1m (0.7%) to \$152m and by \$3m (3.4%) to \$90m respectively. At constant currency, excluding the benefit of a \$6m liquidated damages receipt in 2011 and after adjusting for the disposal of a hotel asset and partnership interest in Australia, which contributed \$3m to operating profit in 2011, revenue and operating profit increased by \$7m (4.8%) and \$11m (14.1%) respectively. RevPAR growth was 4.6% and although year-end System size was 7.1% higher than at the end of 2011, due to the phasing of openings towards the end of the year, rooms available during the year grew by only 2.2%. Operating profit in 2012 benefited from a \$1m increase in profit from an associate and \$2m lower year-on-year bad debt expense.

In the owned and leased estate, revenue and operating profit increased by \$2m (4.3%) to \$48m and by \$1m (20.0%) to \$6m respectively.

Greater China results

Revenue and operating profit before exceptional items increased by \$25m (12.2%) to \$230m and by \$14m (20.9%) to \$81m respectively. RevPAR increased 5.4% with 3.1% growth in average daily rate.

Franchised revenue increased by \$1m (50.0%) to \$3m and operating profit by \$1m (33.3%) to \$4m, boosted by the opening of the 1,224-room Holiday Inn Macao Cotai Central.

Managed revenue increased by \$12m (15.6%) to \$89m and operating profit increased by \$8m (18.6%) to \$51m. RevPAR growth of 5.6% reflected continued economic growth in the region, although the whole industry was affected in the latter part of the year by the once in a decade political leadership change and the Diaoyu/Senkaku islands territorial dispute. There was also continued significant System size growth for the managed estate in the region (9.7% rooms growth in 2012 following 14.2% rooms growth in 2011).

Owned and leased revenue increased by \$12m (9.5%) to \$138m and operating profit increased by \$8m (21.6%) to \$45m, with RevPAR growth of 6.7% at the InterContinental Hong Kong.

Central results

Net central costs increased by \$9m (6.1%) from \$147m in 2011 to \$156m in 2012.

At constant currency, net central costs increased by \$11m (7.5%). The movement was driven by investment in infrastructure and capabilities to support the growth of the business. Central revenue mainly comprised technology fee income.

Other financial items

Exceptional operating items totalled a net loss of \$4m. Exceptional gains included a \$23m impairment reversal and the release of a \$9m liability no longer required. Exceptional charges included \$16m reorganisation costs, \$2m loss on disposal of an interest in a hotel and \$18m write-off of software.

Net financial expenses decreased by \$8m to \$54m primarily due to lower average debt levels.

The effective rate of tax on operating profit, excluding the impact of exceptional items, was 27% (2011 24%).

Basic earnings per ordinary share in 2012 was 189.5¢, compared with 159.2¢ in 2011. Adjusted earnings per ordinary share was 141.5¢, against 130.4¢ in 2011.

The Board has proposed a final dividend per ordinary share of 43.0¢ (27.7p). With the interim dividend per ordinary share of 21.0¢ (13.5p), the full-year dividend per ordinary share for 2012 will total 64.0¢ (41.2p), an increase of 16% over 2011. On 22 October 2012, a special dividend per ordinary share of \$1.72 (108.4p) was paid to shareholders.

Capital structure and liquidity management

During the year, \$472m of cash was generated from operating activities, of which \$133m was invested in capital expenditure. After shareholder returns of \$786m, including a \$505m special dividend and \$107m of share buybacks, net debt at 31 December 2012 was \$1,074m, an increase over the year of \$536m.

“We continued to win share by adding rooms to meet growing demand and driving up RevPAR. We have delivered good fee growth of 6.8% for the Group, driven by 2.7% net rooms growth and RevPAR outperformance in our two largest markets, the US and China.”

Tom Singer
Chief Financial Officer



This Summary Financial Statement was approved by the Board on 18 February 2013 and signed on its behalf by Tom Singer. It does not contain sufficient information to provide as complete an understanding of the Group's results and state of affairs as that provided in the Annual Report and Financial Statements 2012. That report may be obtained, free of charge, by writing to IHG or the Company's Registrar, Equiniti (contact details are provided on page 59).

The auditors have issued an unqualified report on the Financial Statements containing no statement under section 498(2) or 498(3) of the Companies Act 2006. Information concerning Directors' emoluments is shown on pages 50 to 57.

Summary Financial Statement continued

Independent Auditor's Statement to the members of InterContinental Hotels Group PLC

We have examined the Summary Financial Statement for the year ended 31 December 2012 which comprises the summarised Group income statement, summarised Group statement of cash flows and summarised Group statement of financial position.

This statement is made solely to the Company's members, as a body, in accordance with section 428(4) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of Directors and the auditor

The Directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and Summary Financial Statement with the full annual Financial Statements, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with

the Summary Financial Statement. The other information comprises only the Headlines, Chairman's Statement, Chief Executive's Review, Business Reviews, Summary Directors' Report, Corporate Governance Statement, Summary Audit Committee Report and Summary Directors' Remuneration Report.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Company's full annual Financial Statements describes the basis of our opinion on those Financial Statements, the Directors' Remuneration Report and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual Financial Statements, the Directors' Report and the Directors' Remuneration Report of InterContinental Hotels Group PLC for the year ended 31 December 2012 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

Ernst & Young LLP Statutory Auditor, London 18 February 2013.

Directors' statement

The auditor has issued unqualified reports on the full annual Financial Statements, the auditable part of the Directors' Remuneration Report and on the consistency of the Directors' Report with those annual Financial Statements. Their report on the full annual Financial Statements and the auditable part of the Directors' Remuneration Report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Summarised Group income statement

	2012			2011		
	Before exceptional items \$m	Exceptional items \$m	Total \$m	Before exceptional items \$m	Exceptional items \$m	Total \$m
For the year ended 31 December 2012						
Revenue						
Americas	837	–	837	830	–	830
Europe	436	–	436	405	–	405
AMEA	218	–	218	216	–	216
Greater China	230	–	230	205	–	205
Central	114	–	114	112	–	112
Total revenue	1,835	–	1,835	1,768	–	1,768
Operating profit						
Americas	486	23	509	451	13	464
Europe	115	(4)	111	104	(39)	65
AMEA	88	(5)	83	84	26	110
Greater China	81	–	81	67	–	67
Central	(156)	(18)	(174)	(147)	35	(112)
Operating profit	614	(4)	610	559	35	594
Net finance costs	(54)	–	(54)	(62)	–	(62)
Profit before tax	560	(4)	556	497	35	532
Tax	(153)	142	(11)	(120)	48	(72)
Profit for the year from continuing operations	407	138	545	377	83	460
Earnings per ordinary share (cents)						
Basic – continuing and total operations			189.5			159.2
Adjusted – continuing and total operations	141.5			130.4		
Dividend per share (cents)						
Final – paid in respect of prior year			39.0			35.2
Interim – paid			21.0			16.0
Special – paid			172.0			–
Final – proposed			43.0			39.0

Summarised Group statement of cash flows

For the year ended 31 December 2012	2012 \$m	2011 \$m
Cash flow from operations	639	623
Net interest paid	(48)	(55)
Tax paid on operating activities	(119)	(89)
Net cash from operating activities	472	479
Capital expenditure	(133)	(194)
Proceeds from disposal of operations and other financial assets	8	157
Tax paid on disposals	(3)	(1)
Purchase of own shares	(107)	-
Dividends paid to shareholders	(679)	(148)
Issue of long-term bonds	632	-
Decrease in other borrowings	(99)	(119)
Other financing movements	(76)	(67)
Net movement in cash and cash equivalents in the year	15	107
Cash and cash equivalents at beginning of the year	182	78
Exchange rate effects	(2)	(3)
Cash and cash equivalents at end of the year	195	182

Summarised Group statement of financial position

31 December 2012	2012 \$m	2011 \$m
ASSETS		
Property, plant and equipment	1,056	1,362
Goodwill and intangible assets	447	400
Investment in associates and joint ventures	84	87
Retirement benefit assets	99	21
Other financial assets	155	156
Non-current tax assets	228	147
Total non-current assets	2,069	2,173
Inventories	4	4
Trade and other receivables	422	369
Current tax receivable	31	20
Derivative financial instruments	2	3
Other financial assets	6	-
Cash and cash equivalents	195	182
Total current assets	660	578
Non-current assets classified as held for sale	534	217
Total assets	3,263	2,968
LIABILITIES		
Loans and other borrowings	(16)	(21)
Trade and other payables	(709)	(707)
Provisions	(1)	(12)
Current tax payable	(54)	(120)
Total current liabilities	(780)	(860)
Loans and other borrowings	(1,242)	(670)
Derivative financial instruments	(19)	(39)
Retirement benefit obligations	(187)	(188)
Trade and other payables	(563)	(497)
Provisions	(1)	(2)
Deferred tax liabilities	(93)	(97)
Total non-current liabilities	(2,105)	(1,493)
Liabilities classified as held for sale	(61)	(60)
Total liabilities	(2,946)	(2,413)
Net assets	317	555
IHG shareholders' equity	308	547
Non-controlling interest	9	8
Total equity	317	555

The Board of Directors and Executive Committee



Left to right: Larry Light, Dale Morrison, Jennifer Laing, Richard Solomons, Ying Yeh, Patrick Cescau, Jonathan Linen, Luke Mayhew, Eric Pearson,

Board of Directors

Patrick Cescau

Non-Executive Chairman
Chairman of the Nomination Committee 🗳️

Appointed Non-Executive Chairman in January 2013. Also Non-Executive Director of International Consolidated Airlines Group, S.A. and the Senior Independent Director and Non-Executive Director of Tesco PLC. Trustee of the Leverhulme Trust and Chairman of the St Jude India Children's Charity. Formerly a Senior Independent Director and Non-Executive Director of Pearson PLC and a Director at INSEAD.

Richard Solomons

Chief Executive 🌟

Appointed Chief Executive in July 2011. Joined the Group in 1992 and held a number of senior financial and operational roles with his previous role as Chief Financial Officer and Head of Commercial Development and formerly as Chief Operating Officer of The Americas Hotels division. Serves on the Executive Committee of the World Travel & Tourism Council.

Tom Singer

Chief Financial Officer

Appointed Chief Financial Officer in September 2011. Joined the Group from Bupa, where he was Group Finance Director and a main board member. Previously Group Finance Director and Chief Operating Officer at William Hill PLC and Finance Director at Moss Bros Group PLC.

Kirk Kinsell

President, The Americas

Appointed a Director in August 2010. Joined the Group in 2002. Appointed an Executive Committee member in 2007 and was President, Europe, Middle East and Africa until June 2011. Responsible for the business development and performance of all the hotel brands and properties in The Americas region.

Tracy Robbins

Executive Vice President, Human Resources and Group Operations Support

Appointed a Director in August 2011. Joined the Group in December 2005 from Compass Group PLC. Responsible for global talent management, leadership development, employee reward strategy and implementation, organisational capability and operations support.

David Kappler

Senior Independent Non-Executive Director
Chairman of the Audit Committee 🗳️ 🌟 🗳️

Appointed a Director and Senior Independent Director in June 2004. He is also a Non-Executive Director of Shire plc. Formerly Chief Financial Officer of Cadbury Schweppes plc and Non-Executive Chairman of Premier Foods plc. A member of the Europe Advisory Council of Trilantic Capital Partners and Chairman of ADS2 Brands Limited.

Jennifer Laing

Independent Non-Executive Director
Chairman of the Corporate Responsibility Committee 🗳️ 🌟 🗳️

Appointed a Director in August 2005. Has over 30 years' experience in marketing and advertising and was, until 2007, Associate Dean, External Relations at London Business School. Also serves as a Non-Executive Director of Hudson Global, Inc., and Premier Foods plc.

Jonathan Linen

Independent Non-Executive Director 🗳️ 🗳️

Appointed a Director in December 2005. Was formerly Vice Chairman of the American Express Company. Serves as a Non-Executive Director of Yum! Brands, Inc. and of Modern Bank, N.A., and on a number of US councils and advisory boards.

Luke Mayhew

Independent Non-Executive Director
Chairman of the Remuneration Committee 🗳️ 🗳️ 🗳️

Appointed a Director in July 2011. A Non-Executive Director of Brambles Limited. Previously served on the Board of John Lewis Partnership and as Managing Director of the Department Store Division. Was a Non-Executive Director of WH Smith PLC and Chairman of Pets at Home Group Limited.

Dale Morrison

Independent Non-Executive Director 🗳️ 🗳️ 🗳️

Appointed a Director in June 2011. A founding partner of TriPointe Capital Partners. Was previously President and Chief Executive Officer of McCain Foods Limited. Currently a Non-Executive Director of International Flavors & Fragrances Inc., and Chairman of Findus Group Limited.

Ying Yeh

Independent Non-Executive Director 🗳️ 🗳️ 🗳️

Appointed a Director in December 2007. Was previously Vice President and Chairman, Greater China Region, Nalco Company and Chairman and President, North Asia Region, President, Business Development, Asia Pacific Region and Vice President, Eastman Kodak Company. Also a Non-Executive Director of AB Volvo, ABB Ltd and Samsonite International S.A.

- 🗳️ Audit Committee member
- 🌟 Corporate Responsibility Committee member
- 🗳️ Nomination Committee member
- 🗳️ Remuneration Committee member



George Turner, Keith Barr, Tracy Robbins, Steven Sickel, Kirk Kinsell, Angela Brav, Jan Smits, Tom Singer and David Kappler.

Executive Committee

In addition to the Executive Directors on the Board, the Executive Committee comprises:

Keith Barr

Chief Executive, Greater China

Joined the Group in 2000. Became Chief Executive, Greater China in April 2011. Responsible for the business development and performance of all the hotel brands and properties in the Greater China region.

Angela Brav

Chief Executive, Europe

Joined the Group in 1988. Appointed Chief Executive, Europe in August 2011. Responsible for the business development and performance of all the hotel brands and properties in Europe.

Larry Light

Chief Brands Officer

Joined the Group in 2012. Formerly Chief Marketing Officer for McDonald's. Responsible for building on the Group's strategy of developing and nurturing a powerful portfolio of preferred Brands.

Eric Pearson

Executive Vice President and Chief Information Officer

Joined the Group in 1997. Appointed Executive Vice President and Chief Information Officer in 2012. Responsible for global technology, including IT systems and information management, throughout the Group.

Jan Smits

Chief Executive, Asia, Middle East and Africa

Joined the Group in 2002. Became Chief Executive, Asia, Middle East and Africa in August 2011. Responsible for the business development and performance of all the hotel brands and properties in Asia, Middle East and Africa.

George Turner

Executive Vice President, General Counsel and Company Secretary

Joined the Group in 2008 from Imperial Chemical Industries PLC. Appointed Executive Vice President, General Counsel and Company Secretary in January 2009. Responsible for corporate governance, risk management, insurance, regulatory, internal audit, legal, corporate responsibility and public affairs.

Steven Sickel

Interim Global Head of Sales and Distribution*

Joined the Group in 2000. Since August 2011, Steven has interim responsibility for revenue management, revenue systems and worldwide sales, in addition to his existing responsibilities as Senior Vice President, Distribution Relationship Marketing. Previously, he was Managing Director, Loyalty Marketing at Continental Airlines for 8 years.

In April 2013 Kenneth MacPherson will join the Group as Chief Executive, Greater China having previously been General Manager and Board Director of Sichuan Shuijingfang Company Ltd, a Diageo joint venture in China. With effect from 1 June 2013 Keith Barr will be appointed to the newly created position of Chief Commercial Officer, responsible for brands, sales, marketing and distribution, and will remain a member of the Executive Committee. During the transition Larry Light will continue in his role as Chief Brands Officer and as a member of the Executive Committee. Following the transition Larry will stay on as a senior IHG advisor.

* Steven Sickel, who has been an interim member of the Executive Committee, will return to his full-time role leading Distribution Relationship Marketing in June 2013.

Summary Directors' Report

Principal activities

InterContinental Hotels Group PLC (the Company) is the holding company of the InterContinental Hotels Group (the Group). The Group franchises, manages, owns and leases over 4,600 hotels, with nearly 676,000 guest rooms in nearly 100 countries and territories around the world. A review of the performance of the Group is contained in the Chairman's Statement and the Chief Executive's Review on pages 4 to 7, the Business Reviews presented on pages 8 to 41 and in the Summary Financial Statements on pages 42 to 45.

Annual General Meeting (AGM)

The Notice convening the AGM to be held at 11.00am on Friday, 24 May 2013 is contained in a circular sent to shareholders at the same time as this Annual Review.

Results and dividends

The operating profit before exceptional items was \$614m. An interim dividend of 13.5 pence per share (21.0 cents per ADR) was paid on 28 September 2012. A special dividend of 108.4 pence per share (\$1.72 per ADR) was paid on 22 October 2012. The Directors are recommending a final dividend of 27.7 pence per share (43.0 cents per ADR) to be paid on 31 May 2013 to shareholders on the Register of Members at the close of business on 22 March 2013.

Share capital

The Company's issued share capital at 31 December 2012 consisted of 268,325,071 ordinary shares of 14¹⁹⁴/₃₂₉ pence each. There are no special control rights or restrictions on share transfer attaching to these ordinary shares. During the year, no awards or grants over shares were made that would be dilutive of the Company's ordinary share capital.

Share issues and buybacks

On 7 August 2012, the Company announced a \$1bn return of funds to shareholders via a special dividend of \$0.5bn and share consolidation on a 14 for 15 basis and a share buyback programme of \$0.5bn. The share buyback authority remains in force until the AGM in 2013, and a resolution to renew the authority will be put to shareholders at that AGM.

Substantial shareholdings

As at 31 December 2012 and 18 February 2013, the Company had been notified of the following significant holdings in its ordinary shares:

Shareholder	As at 18 February 2013
Cedar Rock Capital Limited	5.07%
BlackRock, Inc.	5.02%
Legal & General Group plc	3.96%

Board of Directors

Biographical details of current Board members are shown on pages 46 and 47. Executive Directors have service contracts and Non-Executive Directors have letters of appointment.

The Board may exercise all the powers of the Company. The Group maintains insurance cover for and has provided indemnities to all of its Directors and officers, as permitted by the Companies Act 2006.

Details of the beneficial interests in shares of the Company, held by Directors who were on the Board at the year end are shown below:

	As at 31 December 2012 ordinary shares ¹	As at 31 December 2011 ordinary shares ¹
Executive Directors		
Kirk Kinsell	155,628 ²	109,547
Tracy Robbins	85,703	43,108
Tom Singer	20,846	–
Richard Solomons	322,379	252,166
Non-Executive Directors		
Patrick Cescau ³	–	–
David Kappler	1,308	1,400
Jennifer Laing	3,148	3,373
Jonathan Linen	6,853 ⁴	7,343
Luke Mayhew	1,866	2,000
Dale Morrison	4,233 ⁴	–
David Webster ³	33,438	35,828
Ying Yeh	–	–

1 These shareholdings include all beneficial interests and those held by Directors' spouses and other connected persons. None of the Directors have a beneficial interest in the shares of any subsidiary. These shareholdings do not include Executive Directors' entitlements to share awards under the Company's share plans, which are set out separately in the Summary Directors' Remuneration Report on pages 50 to 57.

2 155,034 ordinary shares and 594 American Depositary Receipts.

3 Patrick Cescau was appointed as a Non-Executive Chairman on 1 January 2013 following the retirement of David Webster on 31 December 2012.

4 Held in the form of American Depositary Receipts.

Employees

IHG directly employed an average of 7,981 people worldwide during 2012, whose costs are borne by the Group. When the whole IHG estate is taken into account (including staff working in the franchised and managed hotels) more than 350,000 people worked globally across all IHG's brands at 31 December 2012.

The Group is committed to providing employees with equality of opportunity, without discrimination. Great emphasis is placed on employee communications, particularly on matters relating to the Group's business and its performance.

Charitable and political donations

In 2012, the Group donated \$1,015,000 in support of community initiatives and charitable causes. This figure includes contributions from IHG employees and guests. No payments were made for political purposes.

Auditors

The Directors confirm that they have taken steps to make themselves aware of relevant audit information. None of the Directors are aware of any relevant audit information which has not been disclosed to the auditors.

The reappointment of Ernst & Young LLP as auditors of the Company will be put to shareholders at the AGM.

Going concern

At the end of 2012, the Group was trading within its banking covenants and debt facilities. IHG's fee based model and wide geographic spread means that it is well placed to manage through uncertain times.

The Financial Statements for the year ended 31 December 2012 have therefore been prepared on the going concern basis.

The Board is committed to compliance with all the principles and provisions set out in the UK Corporate Governance Code (Code) and considers that the Company has complied with its requirements throughout the year ended 31 December 2012.

The Board of Directors

The Board is responsible to the shareholders for the strategic direction, development, performance and control of the Group. It also ensures that the necessary financial and human resources are in place for the Group to meet its objectives. During 2012 eight Board meetings were held.

David Webster was Non-Executive Chairman throughout the year. In May 2012 David Webster notified the Board of his intention to retire and step down as Non-Executive Chairman with effect from 31 December 2012. In June 2012 Graham Allan retired from the Board, Audit Committee, Nomination Committee and Corporate Responsibility Committee and in November 2012 Dale Morrison was appointed to the Corporate Responsibility Committee. The progressive refreshing of the Board ensures that we have appropriate continuation and a multi-skilled and diverse Board.

The Board is comprised of four Executive Directors and a team of seven experienced independent Non-Executive Directors represent a strong source of advice and judgement. Together the Board has a broad range of skills, knowledge and experience and represent a wide geographical spread.

The schedule of matters which are reserved for the Board are available on the Company's website at www.ihgplc.com/investors under corporate governance.

Committees

The Board Committees include: Audit Committee; Corporate Responsibility Committee; Nomination Committee; and Remuneration Committee. The Audit, Nomination and Remuneration Committees consist wholly of Non-Executive Directors. The Chairman of the Board is a member of the Nomination Committee only. The terms of reference of these Committees were reviewed during 2012 to ensure that they continue to reflect best practice and are available on the Company's website at www.ihgplc.com/investors under corporate governance/committees or from the Company Secretary's office on request.

Induction programmes are prepared for new Directors and ongoing training and development needs for all Directors are kept under review.

The 2012 Board performance evaluation of the Board and its Committees was conducted by an independent external facilitator, Lintstock Limited. It involved the completion of comprehensive questionnaires in which Directors and the Company Secretary were asked to evaluate the Board, each of its Committees and their respective Chairmen and the Chairman of the Board.

The feedback confirmed that the Board and each of its Committees continue to operate effectively and that each Director continues to make an effective contribution and retains a strong commitment to the role.

The Directors have agreed to retire at each Annual General Meeting (AGM) and offer themselves for re-election annually in line with the Code recommendations.

Senior Independent Director

David Kappler was Senior Independent Director throughout the year. His role includes being available to liaise with shareholders who have concerns that they feel have not been addressed through the normal channels, being a sounding board for the Chairman and leading the performance evaluation of the Chairman.

Company Secretary

All Directors have access to the advice and services of the Company Secretary. His responsibilities include advising the Board on corporate governance, and for ensuring good information flows to the Board and its Committees and between the Executive Committee and the Non-Executive Directors. He also facilitates the induction of new Directors and the regular updating and refreshing of all Directors' skills and knowledge.

Internal control and risk management

The Board has ultimate responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board has established the procedures necessary to apply the Code, including clear operating procedures, lines of responsibility and delegated authorities.

For the year ended 31 December 2012, the Board has conducted a review of the effectiveness of the system of internal control and risk management. The system is designed to manage the risk of failure to achieve business objectives, and it can only provide reasonable and not absolute assurance. Whilst areas for continuous improvement have been identified and actions initiated as a result of the Group's processes, no significant shortcomings have been identified from the 2012 risk assessments.

Shareholder relations

The Group reports formally to shareholders twice a year and releases quarterly results. In addition, regular meetings are held with major institutional shareholders to discuss, using publicly available information, progress of the business, its performance, plans and objectives. The Chairman, the Senior Independent Director and other Non-Executive Directors are available to meet with major shareholders to understand their issues and concerns and to discuss governance and strategy.

The AGM provides a useful forum for one-to-one communication with private shareholders, many of whom are also guests in our hotels. Information of interest to investors is also maintained on the Company's website at www.ihgplc.com/investors

Summary Audit Committee Report

The Audit Committee, which is chaired by a financial expert, supports the Board in meeting its responsibilities in relation to the integrity of the Group's financial statements and associated announcements, the adequacy of internal control and risk management systems and the appointment and work of the internal and external auditors. The external auditors and the Head of Global Internal Audit both have the opportunity to meet privately with the Committee.

During the year, the Committee's deliberations included a wide range of matters addressing all its main areas of responsibility. The Committee's main focus was to review the quarterly, interim and full-year financial results and to review the effectiveness of internal control, financial reporting and risk management processes, through reports and presentations received from Global Internal Audit (GIA), the external auditors and management. Consideration was also given to GIA's annual internal audit plan, disclosure controls, developments in corporate governance and accounting standards in the UK and US and significant incidents of fraud and whistleblowing.

Summary Directors' Remuneration Report

Introduction

This year, 2013, is a year of transition for directors' remuneration reports. We have prepared this report before new final Government regulations on executive remuneration disclosure are issued. However, we have reflected as much as is practical of the direction and spirit of the draft regulations in both the content and structure of the full 2012 Directors' Remuneration Report from which this summary report is extracted.

We have historically tried to make the report transparent and easy to read and in recent years already included, for example, the single figure for Executive Directors' remuneration and a remuneration policy summary table.

Executive Director remuneration at IHG has evolved during 2012:

- the measures under the Annual Bonus Plan (ABP) have been changed for Executive Directors in 2013. To distinguish it from the previous measures, we refer to it as the Annual Performance Plan (APP). Although not a radical change, the APP does align annual incentives more closely to the key elements of our strategic priorities of Brands, People and Delivery; and
- the 2010/12 Long Term Incentive Plan (LTIP), which will vest in 2013, is the last LTIP using the previous measures. The 2011/13 LTIP, which vests in 2014, is the first LTIP including the new corporate performance measures of net rooms growth and RevPAR.

Remuneration for Executive Directors in 2012 reflects another year of strong corporate results, as shown in the table below:

	2012	2011	2010
EBIT	+9.8%	+25.9%	+22.3%
Adjusted EPS*	+21.7%	+2.5%	+9.6%
TSR*	+28.2%	+29.8%	+8.0%

* Annualised three-year changes.

Remuneration has reflected these results with an ABP award just above target for 2012 and a maximum vesting of the 2010/12 LTIP cycle.

We continually keep all aspects of remuneration under review and listen to the views of shareholders, the Government and other

stakeholders. We believe our current approach to remuneration is responsible and appropriate as it:

- is structured to drive execution of our business strategy;
- aligns reward with the creation of shareholder value;
- allows the Company to recruit and retain talent in a competitive global sector;
- incorporates measures and safeguards to ensure that high rewards only follow strong, balanced results; and
- incentivises the delivery of long-term, sustainable business growth and shareholder value, rather than the pursuit of unsustainable short-term results.

The targets for 2013 are stretching and will require a strong corporate performance to achieve similar levels of remuneration.

Luke Mayhew

Chairman of the Remuneration Committee
18 February 2013

Summary Directors' Remuneration Report glossary of terms

ABP	Annual Bonus Plan
APP	Annual Performance Plan
DB	Defined Benefit
DC	Defined Contribution
DJGH index	Dow Jones Global Hotels index
EBIT	Earnings before interest and tax
EPS	Earnings per share
ICETUS	InterContinental Executive Top-Up Scheme
IC Plan	InterContinental Hotels UK Pension Plan
LTIP	Long Term Incentive Plan
OPR	Overall performance rating
RevPAR	Revenue per available room
TSR	Total Shareholder Return

Summary of IHG's Executive Director remuneration policy for 2013

Fixed remuneration	Variable remuneration	
Salary	Annual incentive – APP	Long-term incentive – LTIP
Pension	50% cash and 50% shares deferred for three years	Share awards vest after three years if performance conditions are met:
Benefits	Linked to individual and company achievement using performance measures relating to:	– 25% relative net rooms growth;
	– Brands;	– 25% relative RevPAR growth; and
	– People; and	– 50% relative TSR v the DJGH index.
	– Delivery.	

Minimum shareholding requirement

Corporate performance indicators	2012	2011	2010
Operating profit before exceptional items	+9.8% \$614m [†]	+25.9% \$559m [♦]	+22.3% \$444m
Full-year dividend (excluding any special dividends and capital returns)	64 cents (41.2p) per share	55 cents (34.5p) per share	48 cents (30.0p) per share
Three-year total TSR (annualised)	+28.2%	+29.8%	+8.0%
Three-year adjusted EPS (annualised)	+21.7%	+2.5%	+9.6%
Budgeted salary increase (US and UK corporate employees)	3.0%	3.0%	2.9%

[†]Includes one significant liquidated damages receipt in 2012 of \$3m in The Americas.

[♦]Includes two significant liquidated damages receipts in 2011; \$10m in The Americas and \$6m in Asia, Middle East and Africa.

Approach for members of the Executive Committee

Members of the Executive Committee are rewarded on the same basis as the Executive Directors, participating in the same incentive plans and with a similar split between fixed and variable remuneration, and between cash and shares.

Key changes in 2012

Changes to the annual incentive for senior executives, including the Executive Directors, were approved by the Committee for 2013, with the objective of more closely aligning reward to the delivery of our strategic objectives of Brands, People and Delivery.

Factors taken into account in determining pay

In making decisions in relation to 2012 pay, the Committee took into account:

- the achievement of corporate performance targets under the ABP and LTIP (see the tables on pages 55 and 56);
- an appropriate mix of fixed and variable pay, with an emphasis on driving performance through approximately two-thirds of total pay being variable;
- pay and conditions elsewhere in the Group, including the average budgeted salary increase for the employee population (see the table on the previous page); and
- the corporate performance indicators shown in the table on the previous page.

A – Key remuneration principles

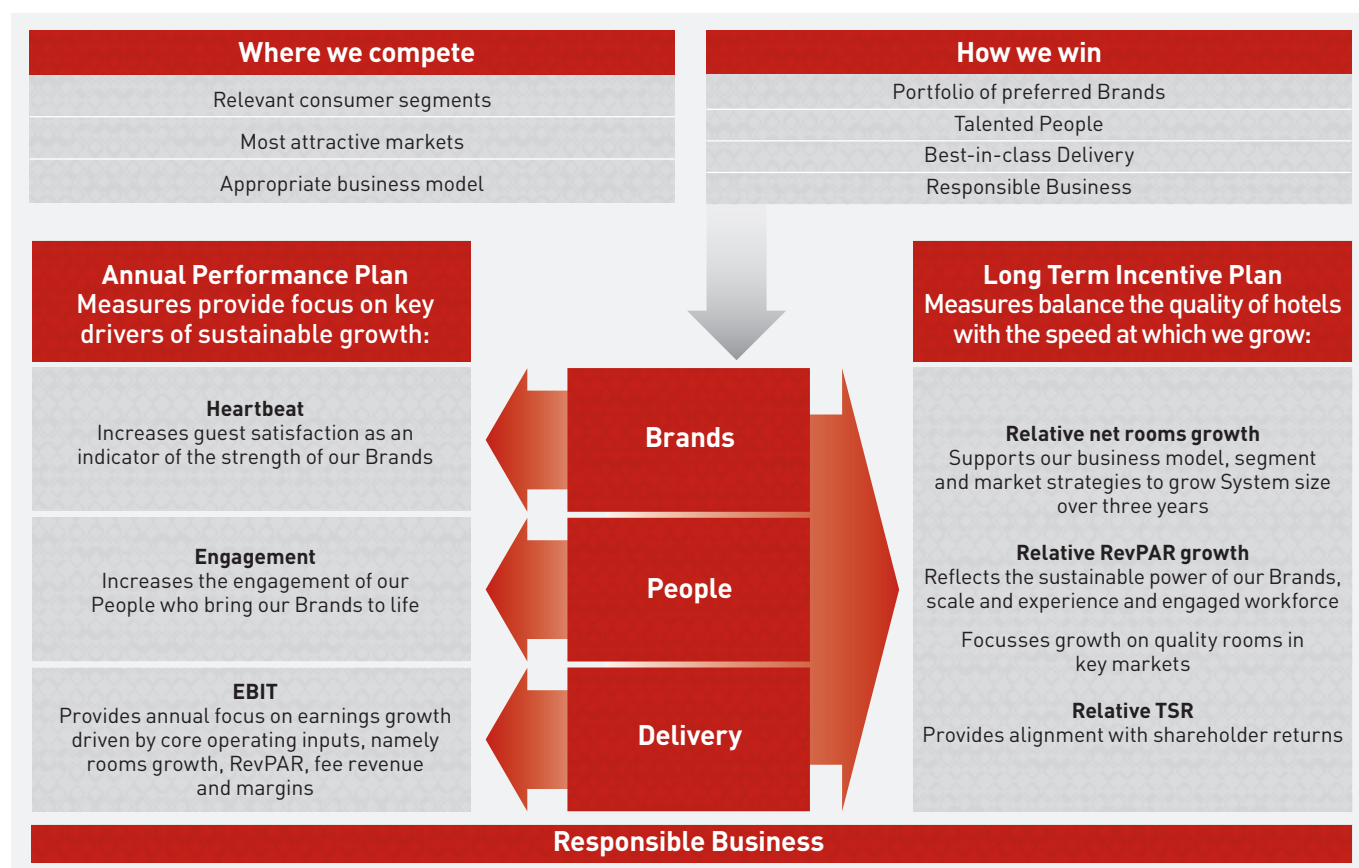
IHG's executive remuneration principles are designed to drive the delivery of strategic objectives by:

- attracting and retaining high-quality executives in an environment where compensation is based on global market practice;
- aligning rewards for executives with the achievement of business performance targets, strategic objectives and returns to shareholders;
- supporting equitable treatment between members of the same executive team; and
- facilitating global assignments and relocations.

IHG's remuneration structure for senior executives places a strong emphasis on performance-related reward. The Committee believes that it is important to reward management, including the Executive Directors, for targets achieved, provided those targets are stretching.

B – Link with strategy

Our strategy (summarised below) is the driver of our reward structure. The current performance measures used in IHG's incentive plans are aligned with our strategic priorities, which will enable us to achieve our Vision of becoming one of the great companies in the world by creating Great Hotels Guests Love.



Summary Directors' Remuneration Report continued

C – Remuneration policy summary

The following table shows a summary of the individual elements of remuneration provided to the Executive Directors for 2013.

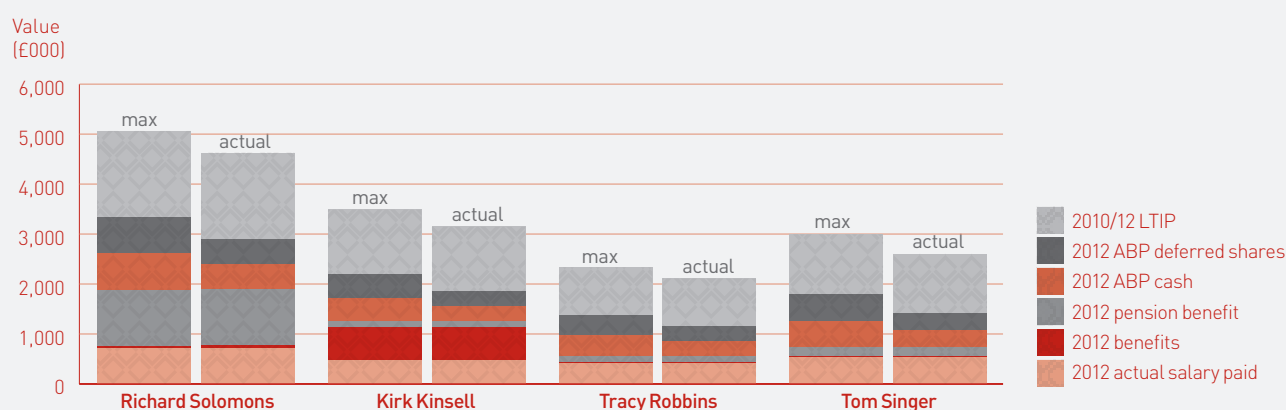
The APP replaces the ABP for senior executives from 2013.

Reward element	Purpose and link to strategy	Operation
Salary (cash)	Recognises the market value of the role and the individual's skill, performance and experience.	<p>Reviewed annually and fixed for 12 months from 1 April.</p> <p>Committee considers:</p> <ul style="list-style-type: none"> • business and individual performance; • current remuneration against internal and external benchmarks; and • average salary increases for the wider IHG workforce. <p>When external benchmarking is used, the comparator groups are chosen having regard to:</p> <ul style="list-style-type: none"> • size – market capitalisation, turnover, profits and the number of employees; • diversity and complexity of the business; • geographical spread of the business; and • relevance to the hotel industry.
APP (50% cash and 50% shares)	<p>Drives and rewards annual performance against both financial and non-financial metrics.</p> <p>Aligns individuals and teams with key strategic priorities of Brands, People and Delivery.</p> <p>Aligns short-term annual performance with strategy to generate long-term returns to shareholders.</p> <p>Takes into account personal performance of individuals.</p>	<p>Reviewed annually with targets set in line with strategic objectives.</p> <p>Regional as well as global targets are used when appropriate.</p> <p>Payment is determined by the Committee, which has certain specified discretions over award levels, after the end of the year.</p>
LTIP (shares)	Drives and rewards delivery of sustained long-term performance on measures that are aligned with the interests of shareholders.	<p>Annual awards over IHG shares, which vest after three years, subject to the achievement of corporate performance targets.</p> <p>Reviewed annually with targets set in line with strategic objectives. Vesting is confirmed by the Committee after the end of the vesting period, with discretion to reduce vesting level if the quality of the underlying performance of the Company is not satisfactory.</p>
Pension	<p>Helps recruit and retain.</p> <p>Rewards long-term individual performance.</p>	<p>The following plans are operated:</p> <ul style="list-style-type: none"> • for UK executives, the executive section of the InterContinental Hotels UK Pension Plan (IC Plan), which has a defined benefit section (UK DB Plan) and a defined contribution section (UK DC Plan); • for UK executives, the InterContinental Executive Top-Up Scheme (ICETUS); • for US executives, a DC 401(k) Plan (US 401(k) Plan) and a DC Deferred Compensation Plan (US Deferred Compensation Plan); and • for non-UK and non-US executives, the InterContinental Hotels Group International Savings and Retirement Plan, and other local plans. <p>A cash allowance in lieu of pension benefits is offered for UK executives.</p>

Opportunity	Performance metrics	Changes in year
Determined annually on the factors set out to the left	None	Directors' salaries increased between 2.5%-3% in 2012
Target = 115% of salary Maximum = 200% of salary	20% Brands: year-on-year improvement in guest satisfaction 10% People: year-on-year improvement in employee engagement 70% Delivery: EBIT v target All targets measured over one year	APP for senior executives from 2013
Maximum for 2013/15 LTIP cycle = 205% of salary Will not exceed three times annual salary other than in exceptional circumstances	25% relative net rooms growth and 25% relative RevPAR growth (both measured v comparator group): <ul style="list-style-type: none"> • 20% threshold vesting if equal to average growth of comparator group; • maximum vesting if ranked as 1st in the comparator group; and • straight-line vesting in between. 50% relative TSR (v DJGH index): <ul style="list-style-type: none"> • 20% threshold vesting if equal to index; • maximum vesting if 8% or more per year ahead of index; and • straight-line vesting in between. All targets measured over a three-year performance period	None in 2012
UK DB Plan: 1/30th accrual rate UK DC Plan: 7.5% employee contribution with 30% matching Company contribution US 401(k) Plan: 2%-75% employee contribution with 4% matching Company contribution US Deferred Compensation Plan: up to 75% employee contribution with 2% matching Company contribution and 4%-20% additional Company contribution if certain conditions are met	None	None in 2012 UK DB Plan will close to future accrual for existing members with effect from 1 July 2013

Summary Directors' Remuneration Report continued

D – Single figure remuneration in 2012 – actual and maximum



Single Total Figure Table (£000)

Director	2012 actual salary paid	2012 benefits	2012 pension benefit	2012 ABP cash	2012 ABP deferred shares	2010/12 LTIP	Total
Richard Solomons	716	48	1,140	494	494	1,738	4,630
Kirk Kinsell*	474	663	110	306	306	1,287	3,146
Tracy Robbins	409	23	123	300	300	954	2,109
Tom Singer	540	19	162	346	346	1,194	2,607

* Kirk Kinsell is paid in US dollars and the sterling values in the chart above have been calculated using an exchange rate of \$1=£0.63.

Details of elements shown:

2012 actual salary paid – salary for the year; for Kirk Kinsell this shows actual salary paid converted into sterling;

2012 ABP cash – cash portion of ABP award for 2012 performance;

2012 ABP deferred shares – value of deferred share portion of ABP award for 2012 performance (based on share price of 1,707.0p as at 31 December 2012);

2010/12 LTIP – value of LTIP award due to vest on 20 February 2013 as a result of 2010 to 2012 performance (based on share price of 1,707.0p as at 31 December 2012);

2012 benefits – all taxable benefits arising from the individual's employment in 2012; this includes the provision of a fully-expensed company car, private healthcare, financial counselling and other benefits. For Kirk Kinsell, this includes the cost of expatriate benefits related to his international assignment prior to taking up his Board appointment as President, The Americas, on 13 June 2011;

2012 pension benefit – for Richard Solomons, the increase in pension value during 2012; for other Executive Directors, the value of Company contributions to pension plans or any cash allowances paid in lieu of pension contributions. The pension benefit accruing to Richard Solomons in 2012 arose principally from his salary review when appointed Chief Executive in July 2011.

2009 ABP deferred shares – there was no vesting of ABP deferred shares relating to 2009 as no annual incentive was paid in respect of financial year 2009.

All figures are calculated in accordance with our understanding of the requirements of the draft BIS regulations on disclosure of executive pay.

E – Salary and benefits

- Base salary is the only element of remuneration which is pensionable.
- In addition to salary, benefits are provided to Executive Directors, who are all based in the UK or US, in accordance with local market practice.
- The overall budget for salary increases for IHG corporate employees in the UK and US, and the overall increase in the Directors' salaries for 2013 is shown below:

UK corporate employees	US corporate employees	Executive Directors
3.0%	3.0%	2.5%

Executive Director annual salaries for 2012 and 2013

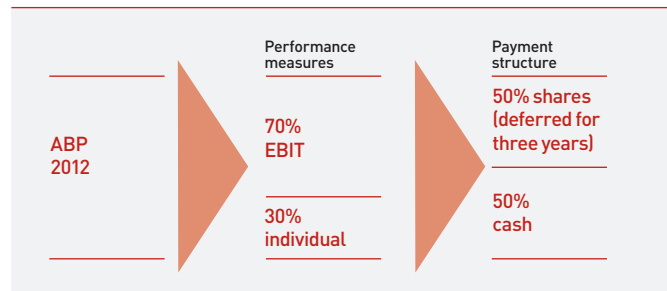
Director	2013 £	2013 \$	2012 £	2012 \$
Richard Solomons	739,000		721,000	
Kirk Kinsell*		774,000		755,400
Tracy Robbins	424,300		412,000	
Tom Singer	550,800		540,000	

* Kirk Kinsell is paid in US dollars and his annual base salary for 2012 and 2013 is shown in US dollars above. The equivalent sterling values calculated using an exchange rate of \$1=£0.63 are: 2012 – £476,562; and 2013 – £488,296.

F – Annual Bonus Plan(ABP)

Structure

From 2013, senior executives will participate in the APP, details of which are on pages 52 and 53. In 2012, Executive Directors participated in the 2012 ABP, the structure of which is as follows:



The measures for 2012 were:

- Global EBIT achievement against target for 2012:
 - threshold payout: 90% of target performance;
 - maximum payout: 110% of target performance; and
 - straight-line vesting in between.
- OPR – based on achievement of specific individual objectives linked directly to strategic priorities, and an assessment against leadership competencies and behaviours. The objectives and OPRs are reviewed and agreed by the Committee.

2012 target and maximum payments

Measure	Key performance indicator	Award as % of salary	
		Target	Maximum
Financial	EBIT (70%)	80.5	161
Individual	OPR (30%)	34.5	69
Total for 2012		115	200*

* Combined EBIT and OPR payout subject to a maximum of 200% of base salary.

Outcome for 2012

2012 EBIT achieved was 101.7% of target for the year. Based on this performance, the following table shows the level of 2012 awards. 50% was paid in cash and 50% in deferred shares that will vest after three years.

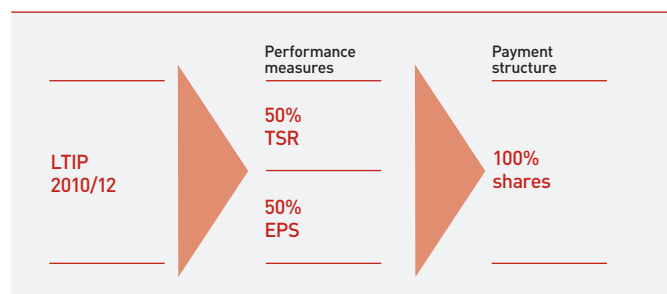
Director	EBIT % award	OPR % award	Total award as % of salary
Richard Solomons	93.8	43.1	136.9
Kirk Kinsell	93.8	34.5	128.3
Tracy Robbins	93.8	51.8	145.6
Tom Singer	93.8	34.5	128.3

Summary Directors' Remuneration Report continued

G – Long Term Incentive Plan (LTIP)

Structure and outcome for 2012

The award for the 2010/12 cycle had corporate performance measures based on relative TSR and EPS. The structure is as follows:



The measures and outcomes are as follows:

Performance measure	Threshold performance	Maximum performance	Threshold/maximum vesting	Weighting	Maximum award – % of salary	Outcome
2010/12 cycle						
TSR	Growth equal to the DJGH index	Growth exceeds the index by 8% per year or more	20%/100%	50%	102.5%	Growth exceeded index by 15% per year
EPS	Growth of 5% per year	Growth of 15% per year or more	20%/100%	50%	102.5%	Growth of 21.7% per year
Total vesting outcome						100% of maximum award

Current position on other outstanding awards

From 2011, the performance measures for the LTIP were changed. Details of the performance measures and potential vesting outcomes for outstanding awards as at 31 December 2012 are as follows:

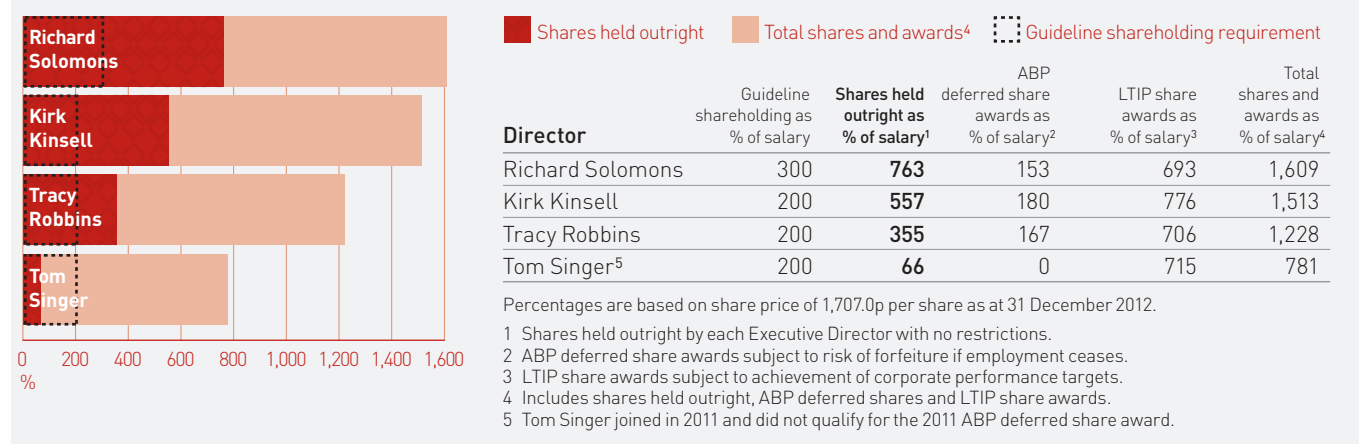
Performance measure	Threshold performance	Maximum performance	Threshold/maximum vesting	Weighting	Maximum award – % of salary	Potential vesting outcomes
2011/13 cycle						
Net rooms growth	Average of the comparator group	1st in the comparator group	20%/100%	25%	51.25%	Improved performance needed to achieve threshold vesting
RevPAR growth	Average of the comparator group	1st in the comparator group	20%/100%	25%	51.25%	Between threshold and maximum vesting if current performance maintained
TSR	Growth equal to the DJGH index	Growth exceeds the index by 8% per year or more	20%/100%	50%	102.5%	Maximum vesting if current performance maintained
2012/14 cycle						
Net rooms growth	Average of the comparator group	1st in the comparator group	20%/100%	25%	51.25%	Between threshold and maximum vesting if current performance maintained
RevPAR growth	Average of the comparator group	1st in the comparator group	20%/100%	25%	51.25%	Between threshold and maximum vesting if current performance maintained
TSR	Growth equal to the DJGH index	Growth exceeds the index by 8% per year or more	20%/100%	50%	102.5%	Maximum vesting if current performance maintained

H – Executive shareholding requirement

The Committee believes that share ownership by Executive Directors and senior executives strengthens the link between the individuals' personal interests and those of the shareholders.

Executive Directors are expected to hold all shares earned (net of any share sales required to meet personal tax liabilities) until the guideline shareholding requirement is achieved.

Shares held by Executive Directors



I – Pensions

IHG operates the following pension arrangements in which the Executive Directors participate:

- for UK executives, the executive section of the IC Plan, which has a DB section and a DC section (the UK DB Plan and the UK DC Plan respectively);
- for UK executives, ICETUS; this is an unfunded arrangement, but with appropriate security;
- for US executives, the DC US 401(k) Plan and the DC US Deferred Compensation Plan; and
- for executives outside the UK and US, the InterContinental Hotels Group International Savings and Retirement Plan, or other local plans.

As an alternative to the pension arrangements, a cash allowance may be taken in lieu by UK executives.

Following an extensive UK pension review and subsequent consultations with affected employees, it was announced on 29 September 2011 that the UK DB Plan would close to future accrual for existing members with effect from 1 July 2013. The UK DB Plan is already closed to new entrants. A cap on pensionable salary increases of RPI plus 2.5% per annum became effective on 1 October 2011.

As part of the consultation with employees and the plan trustees about these changes, it was agreed that the Enhanced Early Retirement Facility (EERF) would be retained. This provides an option for plan members, with the Company's agreement, to retire within five years of normal retirement age on accrued benefits without reduction. The level of plan funding provides for the EERF. The Committee considered that the reduction in risk and expense achieved by the closing of the UK DB Plan justified the cost of retaining the EERF for existing active members.

The Executive Directors participate as follows:

- Richard Solomons participates in the UK DB Plan and the ICETUS on the same basis as other senior UK-based executives;
- Tracy Robbins participated in the executive UK DC Plan on the same basis as other senior UK-based executives until March 2012; from April 2012 she received a cash allowance in lieu of pension benefits;
- Tom Singer does not participate in any pension plan and receives a cash allowance in lieu of pension benefits; and
- Kirk Kinsell participates in the DC US 401(k) Plan and the DC US Deferred Compensation Plan.

The value of Richard Solomons' DB pension arrangement as at 31 December 2012 is set out to the right.

Richard Solomons is eligible for the EERF, which is available to all members of the UK DB Plan, as explained above. This enables members to retire without reduction in their pension if they are within five years of normal retirement age. Although the EERF is non-contractual, its continuation formed part of the agreement with trustees on closure of the UK DB Plan. The EERF terms require an executive to obtain the consent of the Company; the consent is discretionary but should not be unreasonably refused.

Accrued value of annual pension if retired 31 December 2012

£245,180, of which:

- £46,770 is funded
- £198,410 is unfunded

Accrued value of annual pension at 31 December 2012, assuming retirement at normal retirement age (9 October 2021)

£377,200, of which:

- £71,950 is funded
- £305,250 is unfunded

The increase in the accrued value of the pension in 2012 arises principally from Richard Solomons' salary review when appointed Chief Executive in July 2011.



Website and electronic communication

As part of the Company's commitment to reducing the cost and environmental impact of producing and distributing printed documents in very large quantities, IHG's Annual Report and Annual Review have been made available to shareholders through the Company's website www.ihgplc.com/investors under financial library.

Shareholders may appoint electronically a proxy to vote on their behalf on any poll that is to be held at the forthcoming Annual General Meeting. Shareholders who hold their shares through CREST may appoint proxies through the CREST electronic proxy appointment service, by using the procedures described in the CREST Manual.



Shareholder Hotel Discount Promotion

IHG offers discounted hotel stays (subject to availability) for registered shareholders through a dedicated, controlled access website. For further details please contact the Company Secretariat department on 01895 512 000 or email companysecretariat@ihg.com



Corporate Responsibility Report

IHG updates its online Corporate Responsibility Report regularly, covering progress on a range of environmental, social and community issues. This can be viewed at www.ihgplc.com/responsibility



IHG Shelter in a Storm Programme

The IHG Shelter in a Storm Programme enables IHG to support our hotels and surrounding communities, employees and guests when a disaster strikes, by providing immediate and vital assistance.

If you would like to make a donation to the programme, you can do so online via a secure payment page www.ihgshelterinastorm.com



Registrar

For information on a range of shareholder services including, enquiries concerning individual shareholdings, notification of a shareholder's change of address and amalgamation of shareholder accounts (in order to avoid duplicate mailing of shareholder communications), shareholders should contact the Company's Registrar, Equiniti, on 0871 384 2132* (calls from within the UK) or +44 (0) 121 415 7034 (calls from outside the UK).



Dividend services

Dividend Reinvestment Plan (DRIP)

The Company offers a DRIP for shareholders to purchase additional IHG shares with their cash dividends. For further information about the DRIP, please contact our Registrar helpline on 0871 384 2268*. A DRIP application form and information booklet are available at www.shareview.co.uk/products/pages/applyforadrip.aspx

Bank mandate

We encourage shareholders to have their dividends paid directly into their UK bank or building society account to ensure efficient payment and funds being cleared on the payment date.

Shareholders who would like their dividends to be paid directly into their account should contact our Registrar.

Overseas payment service

It is also possible for shareholders to have their dividends paid direct to their bank account in a local currency. Charges are payable for this service. Further information is available at www.shareview.co.uk/shareholders/pages/overseaspayments.aspx

Out of date/unclaimed dividends

If you think that you have out of date dividend cheques or unclaimed dividend payments please contact our Registrar.



Individual Savings Account (ISA)

Equiniti offers a Stocks and Shares ISA where IHG shares can be invested. For further information please contact Equiniti on 0871 384 2244*.



Share dealing services

Equiniti offers the following share dealing facilities:

Postal dealing

For more information call 0871 384 2248*.

Telephone dealing

Call 0845 603 7037*.

Internet dealing

Log on to www.shareview.co.uk



Changes to the base cost of IHG shares

Details of all the changes to the base cost of IHG shares held since April 2003 to December 2012, for UK Capital Gains Tax purposes, may be found on the Company's website www.ihgplc.com/investors under shareholder centre/tax information.



Missing shareholders

Working with ProSearch (an asset reunification company), we continue to look for shareholders who have not kept their contact details up-to-date. We have funds waiting to be claimed and are committed to doing what we can to pay these to their rightful owners. For further details please contact ProSearch on 01732 741 411 or email info@prosearchassets.com



Shareholder security

Many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. More detailed information on this or similar activity can be found on the Financial Services Authority website www.moneyadvice.service.org.uk

Details of any share dealing facilities that the Company endorses will be included in Company mailings.



American Depositary Receipts (ADRs)

The Company's shares are listed on the New York Stock Exchange in the form of American Depositary Shares, evidenced by ADRs and traded under the symbol 'IHG'.

Each ADR represents one ordinary share. All enquiries regarding ADR holder accounts and payment of dividends should be directed to JPMorgan Chase & Co, our authorised ADR depositary bank (contact details shown on page 59).



Form 20-F

The Company is subject to the reporting requirements of the Securities and Exchange Commission (SEC) in the US and files with the SEC an Annual Report on Form 20-F. The Form 20-F can be found on the Company's website www.ihgplc.com/investors under shareholder centre/ADR holders or by visiting the SEC's website www.sec.gov/edgar.shtml

* Calls cost 8p per minute plus network extras.

* Lines are open from 8.30am to 5.30pm Monday to Friday, excluding UK public holidays.

* Lines are open from 8.00am to 4.30pm Monday to Friday, excluding UK public holidays.

Financial calendar

		2012
Interim dividend of 13.5p per share (21.0¢ per ADR):	Payment date	28 September
Special dividend of 108.4p per share (\$1.72 per existing ADR):	Payment date	22 October
Financial year end		31 December
		2013
Preliminary announcement of annual results		19 February
Final dividend of 27.7p per share (43.0¢ per ADR):	Ex-dividend date	20 March
	Record date	22 March
Announcement of first quarter interim management statements		8 May
Annual General Meeting		24 May
Final dividend of 27.7p per share (43.0¢ per ADR):	Payment date	31 May
Announcement of interim results		6 August
Interim dividend:	Payment date	October
Announcement of third quarter interim management statements		5 November
Financial year end		31 December
		2014
Preliminary announcement of annual results		February

Contacts

Registered office

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UB9 5HR
Telephone +44 (0) 1895 512 000
Fax +44 (0) 1895 512 101
www.ihgplc.com
For general information about the Group's business please contact the Corporate Affairs department at the above address. For all other enquiries please contact the Company Secretariat department at the above address.

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone 0871 384 2132**
(UK calls)
+44 (0) 121 415 7034
(non-UK calls)
www.shareview.co.uk

For those with hearing difficulties a text phone is available on 0871 384 2255 for UK callers with compatible equipment.

*Calls cost 8p per minute plus network extras. Lines are open from 8.30am to 5.30pm Monday to Friday, excluding UK public holidays.

ADR depositary

JPMorgan Chase Bank N.A.
PO Box 64504
St. Paul
MN 55164-0504
USA
Telephone +1 800 990 1135
(US calls) (toll free)
+1 651 453 2128
(non-US calls)
Email
jpmorgan.adr@wellsfargo.com
www.adr.com

Auditors

Ernst & Young LLP

Investment bankers

Bank of America Merrill Lynch
Goldman Sachs

Solicitors

Freshfields Bruckhaus
Deringer LLP

Stockbrokers

Bank of America Merrill Lynch
Goldman Sachs

Priority Club Rewards

If you wish to enquire about, or join Priority Club Rewards, IHG's loyalty programme, visit www.priorityclub.com or telephone:
0871 226 1111[∞] (in Europe)
+1 888 211 9874 (in US and Canada) (toll free)
+1 800 272 9273 (in Mexico) (toll free)
+1 801 975 3063 (English) (in Central and South America) (toll charges apply)
+1 801 975 3013 (Spanish) (in Central and South America) (toll charges apply)
+63 2 857 8788 (from most countries in Asia Pacific) (toll charges apply)
+86(0) 20 3419 8282 (Mandarin and Cantonese) (in China and Hong Kong) (toll charges apply)
+971 4 429 0530 (in Middle East and Africa) (toll charges apply)

[∞]Telephone calls to this number are charged at 10p per minute. Standard network rates apply. Calls from mobiles will be higher.

For further investor information visit www.ihgplc.com/investors

The Holiday Inn® brand received the highest numerical score among mid-scale full service hotels in the proprietary J.D. Power and Associates 2011-2012 North America Hotel Guest Satisfaction Index StudySM. Study based on responses from 61,716 guests measuring seven mid-scale full service hotels and measures opinions of guests who stayed in a hotel June 2011-May 2012. Proprietary study results are based on experiences and perceptions of consumers surveyed August 2011-May 2012. Your experiences may vary. Visit jdpower.com.

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